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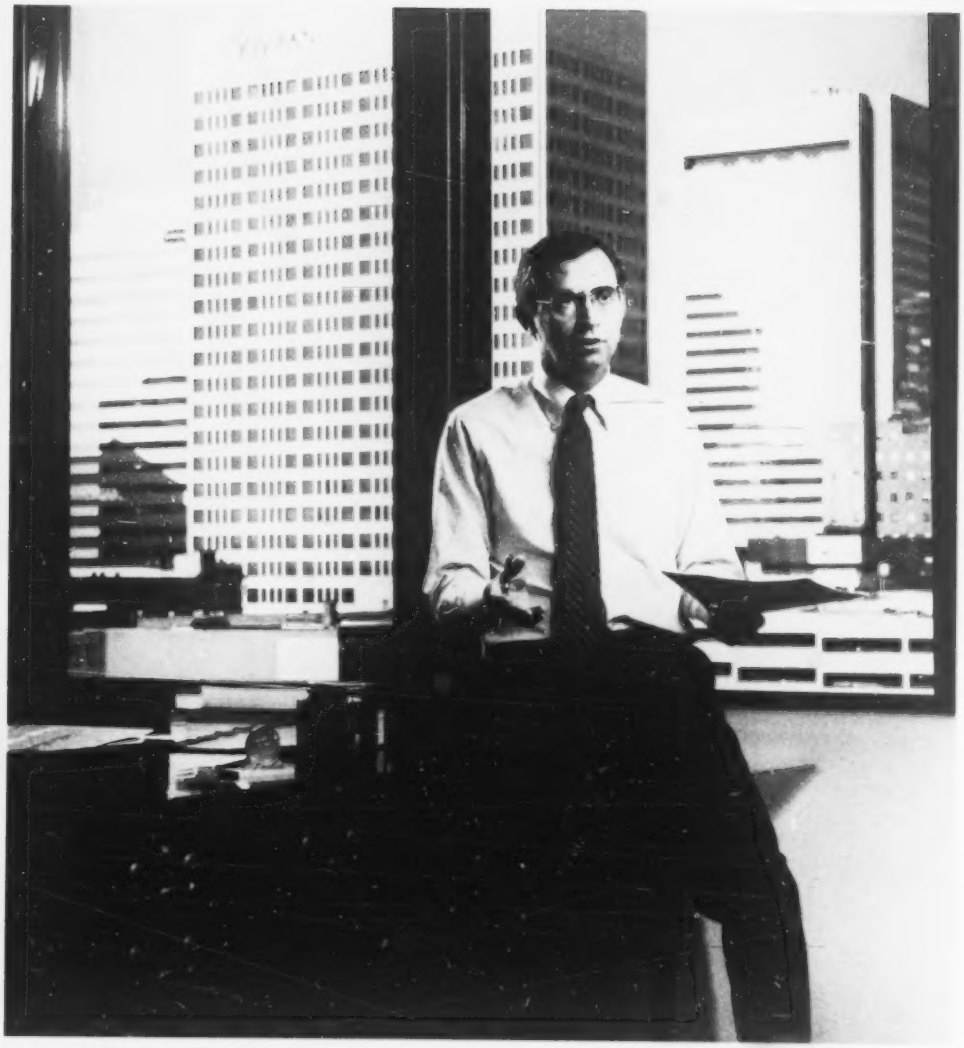
ANNUAL REPORT OF THE STATE TREASURER

Report of the Treasurer
To the Governor of Virginia
For The Fiscal Year Ended June 30, 1987

GERALD L. BALILES
Governor

STUART W. CONNOCK
Secretary of Finance

WM. CLAY WILEY
Treasurer



At the Department of the Treasury, we recognize that Virginia's financial institutions are among the most prosperous and prominent in the nation. Sound principles and energetic leadership have made our commercial and investment banking firms leaders in a rapidly changing and expanding industry. Prudent, well tested policies and excellence in management and strategic planning have placed Virginia's financial industry at the forefront of change and made it the cornerstone of the Commonwealth's growth and progress.

Our mission is to provide the same degree of excellence and vision in meeting the financial needs of the Commonwealth. By working with the financial community as public-private partners, we are providing the innovative ideas and resources necessary to meet today's challenges. The actions we take today determine our tomorrow.

The Treasurer of Virginia and the Department of the Treasury commit to the citizens of the Commonwealth our dedication to recognizing opportunity and the achievement of excellence in meeting the diverse financial needs of the Commonwealth.

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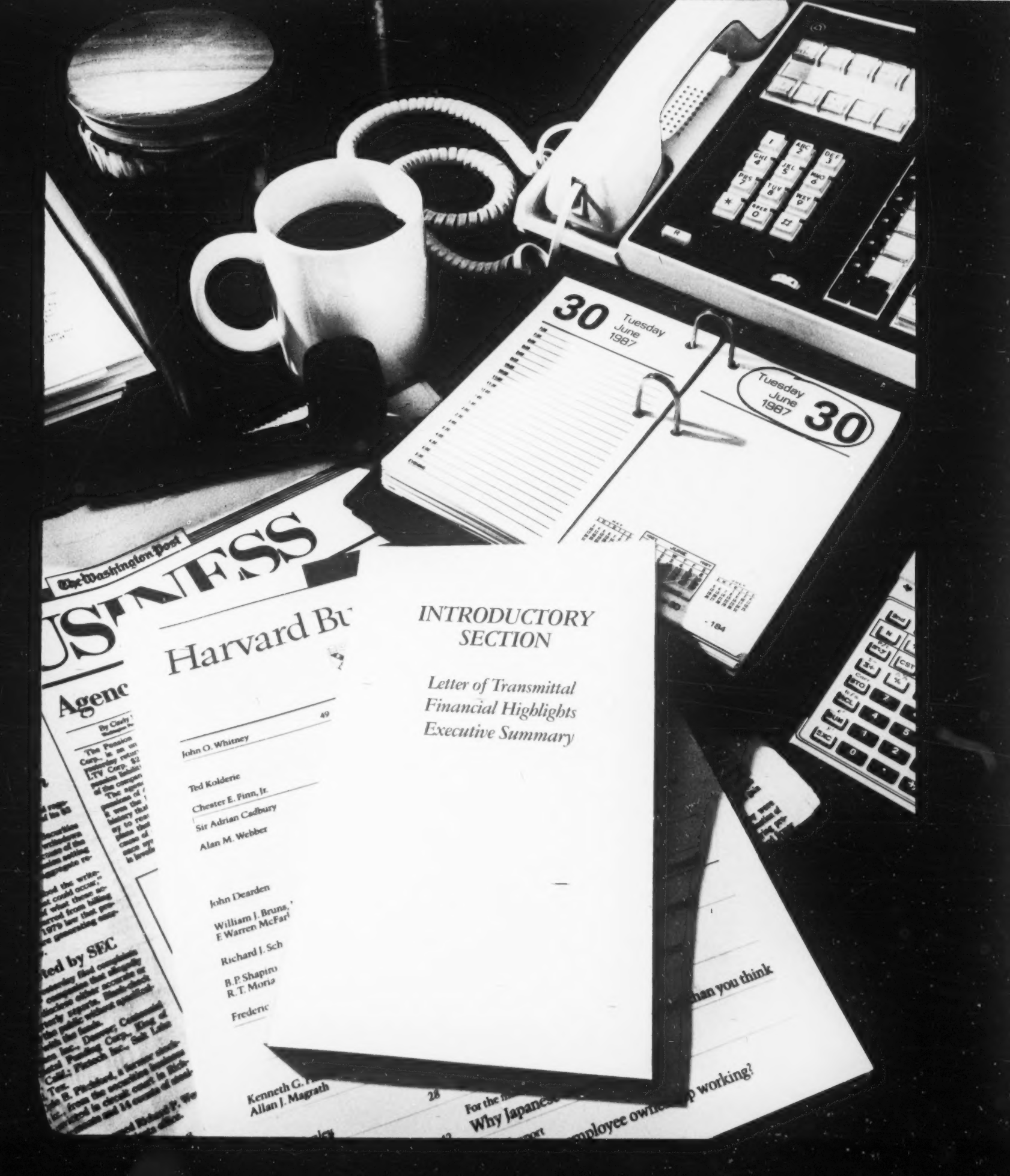
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Wm. Clay Wiley
Treasurer of Virginia
101 North Fourteenth Street
Richmond, Virginia 23219

The Honorable Gerald L. Baliles
Governor
Commonwealth of Virginia
State Capitol
Richmond, Virginia 23215

December 15, 1987

Dear Governor Baliles:

In accordance with Section 2.1-191 of the *Code of Virginia, (1950), as amended*, I respectfully submit my annual report for the fiscal year ended June 30, 1987. As further elaborated upon within the Executive Summary which follows, this report outlines the performance and achievements of the Department of the Treasury in meeting the financial challenges facing the Commonwealth of Virginia. I believe these achievements exemplify our continuing dedication to the prudent and sound management of Virginia's financial resources.

The year brought additional responsibilities to the State Treasury. Recognizing the importance of centralized debt oversight, the Treasury Board was given more comprehensive oversight responsibilities with regard to debt of State agencies, authorities and institutions. Additional professionals were added to the debt management division to provide services associated with these new duties. The State Treasurer was added as an ex-officio member of the three remaining State authorities empowered to issue debt. A new Transportation Trust Fund was created for which the State Treasury provides accounting, investment and debt related services.

Management Responsibilities

This report has been prepared by the Office of the State Treasurer, whose management is responsible for the integrity and objectivity of the financial and other statistical and analytical data presented herein. For the first time, the financial statements contained in this report have been audited and have been prepared in accordance with the governmental fund accounting model as prescribed by the Governmental Accounting Standards Board.

While the statistical and analytical statements presented are unaudited, I believe the data presented is accurate in all material respects and that all necessary disclosures to enable the reader to obtain an understanding of the financial activities of the State Treasury have been included.

The major responsibilities of the State Treasury are to:

- Receive, maintain custody of, invest, and disburse all monies collected by the State;
- Arrange for and manage the short and long-term financing needs of the Commonwealth;
- Provide statewide cash management and banking services;
- Administer the unclaimed property and escheat laws and;
- Administer the Virginia Security for Public Deposits Act.

Independent Audit

In accordance with Section 2.1-155 of the *Code of Virginia, (1950), as amended*, this report contains the Auditor of Public Accounts opinion letter, covering his examination of the financial statements of the State Treasury for the fiscal year ended June 30, 1987. The Auditor's examination was conducted in accordance with generally accepted auditing standards.

Annual Report Organization

This report is divided into four sections—an Introductory Section, Financial Section, Statistical Section and Non-Financial Section. The Introductory Section contains the letter of transmittal, financial highlights and an executive summary. The Financial Section includes the auditor's opinion, the combined financial statements, which provide an overview of those funds over which the Treasurer has custodial responsibility; the notes to the financial statements, which present a summary of accounting methods of the Department and other information necessary for understanding these financial statements; and combining financial statements by fund type,

which present detailed information for each fund. The Statistical Section includes detailed financial and analytical information on the Commonwealth's outstanding general obligation debt and annual debt services requirements; the constitutional debt limit for general obligation debt; debt of State agencies, authorities and institutions not backed by the full faith and credit of the Commonwealth; and detailed information on public facilities bonds, higher educational institutions bonds, and transportation facilities bonds.

The financial statements presented in this report are not the general purpose financial statements of the Commonwealth. Those statements are contained in the report of the State Comptroller.

Acknowledgements and Conclusion

I wish to express my appreciation to the many individuals whose dedication made this report possible. Our thanks also go to those State agencies who provided us with necessary financial information and to the Auditor of Public Accounts' Office for their efforts in providing an audit opinion in time for this report.

I and the Department of the Treasury commit to you and the citizens of Virginia our continued dedication to provide sound fiscal management in meeting the present and future needs of the State. I believe that our innovative and proactive management philosophy will provide the Commonwealth with a sound basis to meet the challenges of the future.

Respectfully submitted,

Wm Clay Wiley

Wm. Clay Wiley
Treasurer of the Commonwealth of Virginia

Financial Highlights

(Dollars in Thousands)

		Fiscal Year Ended June 30 1987	1986
INVESTMENT AND FEE INCOME			
	Interest Income:		
	General Account	$ 69,125	$ 83,113
	Virginia Supplemental Retirement System	50,959	49,314
	Special and Trust Funds	46,871	40,800
	Total Interest Income	166,955	173,227
	Fee Income:		
	Collateral Custodial Fees	136	129
	Local Government Investment Pool Fees	211	77
	Total Fee Income	347	206
	Total Investment and Fee Income	$ 167,302	$ 173,433
PORTFOLIO BALANCES			
	Average Invested Balances:		
	General Account	$ 896,500	$ 923,900
	Virginia Supplemental Retirement System	758,100	608,500
	Special and Trust Funds	635,300	443,500
	Total Average Invested Balances	$2,289,900	$1,975,900
PORTFOLIO YIELDS			
	Average Portfolio Yield	7.3%	8.8%
ABANDONED PROPERTY			
	Unclaimed Property Reported by Holders	$ 18,022	$ 15,887
	Findings from Audits of Holders	5,782	5,721
	Escheat Receipts	911	707
	Misc. Receipts (stock sale, dividends, etc.)	841	104
	Total Abandoned Property	25,556	22,419
	Application of Amounts:		
	Escheat Expenses, Refunds, and Taxes	211	333
	Returned to Owners by Department	1,762	2,218
	Returned to Owners by Holders	6,504	6,891
	Unremitted or Disputed Amounts	1,584	1,836
	Departmental Operating Expenses	1,295	1,167
	Total Application	11,356	12,445
	Net to Literary Fund:		
	From Unclaimed Property	13,500	9,600
	From Escheats	700	374
	Total to Literary Fund	$ 14,200	$ 9,974
LONG-TERM DEBT (at year end)			
	Total General Fund Supported Debt	$ 541,349	$ 460,062
	Non-General Fund Supported Debt:		
	State Agency Debt	$ 267,148	$ 267,340
	State Authority Debt	3,851,570	3,359,502
	Total Agency and Authority Debt	$4,118,718	$3,626,842

Executive Summary

Introduction

Professional financial expertise, effective cash management and investment programs, and efficient operating systems form the cornerstone from which the State Treasury provides services to the Commonwealth of Virginia. The dedication of the agency is reflected in the outreach programs and innovative initiatives being accomplished at the Department of the Treasury.

Details of the individual Divisions of the State Treasury are outlined in the sections that follow. Highlights of special interest are noted below:

- Treasury's gross income from investments was $167.0 million for fiscal year 1987, down $6.3 million from the previous year. The decreased earnings, resulting from a 1.5% decline in interest rates, were substantially offset by a $314.0 million increase in portfolio balances. Average balances of $2.3 billion were invested at an average yield of 7.3% and exceeded the U.S. Treasury Bill yield and Donoghue's Money Fund Averages by 1.6% and 1.8% respectively.

- The Debt Management Division supplied the professional staff services for the refunding of the 1982 bonds financing the Dulles Toll Road, and the Virginia Public Building Authority 1984 bonds that financed State office buildings. These refundings produced a reduction in total debt service payments of $41.3 million through 2008.

- Unclaimed property of $23.8 million was reported, of which $5.8 million resulted from audit activities. A total of $8.3 million was returned to owners and $13.5 million was remitted to the Literary Fund to provide low interest loans to localities for school construction.

- A computerized microfilm index for the storage and retrieval of the 8 million checks disbursed annually was completed during the fiscal year.

- Participation in the Local Government Investment Pool (LGIP) grew almost five fold from $73.7 million in 1986 to $320 million at 1987 fiscal year-end. Fee income earned for operation of the LGIP and for collateral custodial services increased from $206,000 in 1986 to $347,000 in 1987.

- In an effort to expand the electronic transfer of funds and further eliminate paper-based systems, the Automated Clearing House Disbursement System (ACH) transactions increased to 426,000 payments during 1987, compared with 265,000 payments during 1986.

- A $90.0 million equipment financing program for institutions of higher education was initiated through the sale of bonds by the Virginia College Building Authority.

- Virginia joined in a first time cooperative effort with three other states in performing an unclaimed property audit of a major national mutual fund company.

- Treasury has formed a working group with the local Treasurers' Association who regularly meet to discuss areas of mutual interest and concern.

Cash Management and Investments

The Cash Management and Investments Division is responsible for the investment of State monies, the forecasting and monitoring of

FIGURE 1

Size of Investment Portfolio (Yearly Average) All Accounts

(Dollars in Millions)

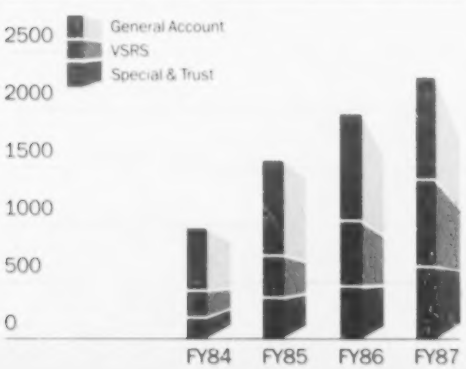
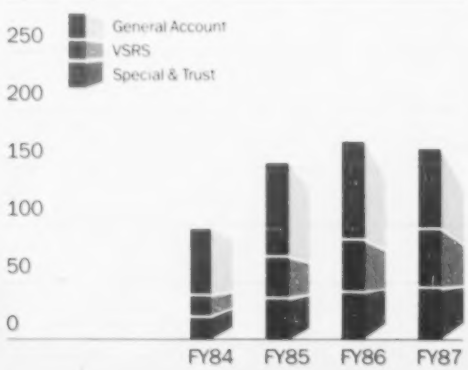


FIGURE 2

Income Earned on All Funds

(Dollars in Millions)



cash flows, and the administration and direction of cash management policy for the Commonwealth's agencies and institutions. In addition, the Division is responsible for the development and procurement of statewide banking services and for monitoring collateral pledged by financial institutions to secure public deposits under the Virginia Security for Public Deposits Act. By working with the financial services industry, the Division has greatly enhanced its ability to perform effectively and efficiently in meeting its goals and assigned responsibilities. As a result, the Commonwealth is viewed as a leader among other states in the creative use of cash management techniques, services, and technology.

The Division generates the largest non-tax revenue to the State's General Fund. Assets under the Division's management include the State's General Account, the Virginia Supplemental Retirement System's short-term investments, various construction and trust funds for transportation, hospitals and education, and the Local Government Investment Pool. In addition, the Treasury acts as custodian for $120 million of securities pledged as collateral by insurance companies authorized to conduct business in Virginia.

For the fiscal year ended June 30, 1987, investments managed exceeded $2 billion, with earnings of $167 million (see Figures 1 and 2). The decrease in earnings was primarily a function of lower interest rates. Nevertheless, the average General Account yield of 7.7% remains significantly higher than either the average 91-day U.S. Treasury Bill yield of 5.7%, or the Donoghue's Money Fund Averages of 5.5% (see Figure 3).

Based on current economic conditions, the

investment staff continued to increase investments in intermediate-term U.S. Treasury and Agency securities for the General Account portfolio in order to partially offset lower interest rates. Money market investment balances were reduced to the minimum required for cash flow needs, as these rates were comparably low throughout the year (see Figure 4). The average maturity of the portfolio on June 30th was 245 days, down from the 311 days average for the year, reflecting the needed liquidity to support the large expenditures that usually occur at fiscal year-end. This also positioned the Division to take advantage of fluctuations in the level of

FIGURE 3

Average Yield on Investments—General Account

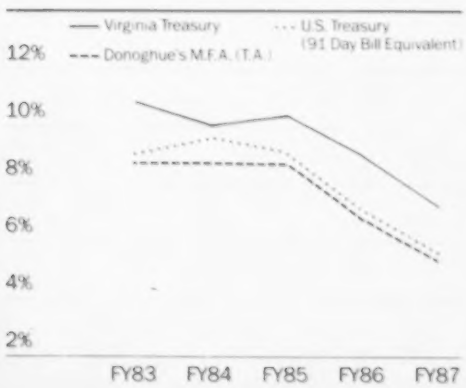
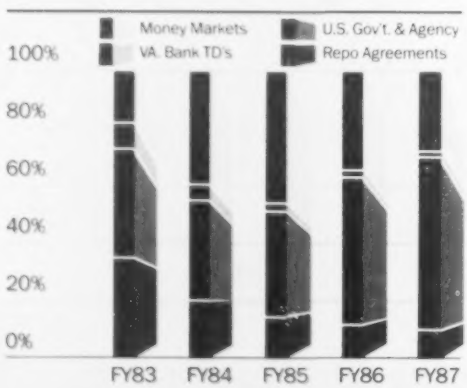
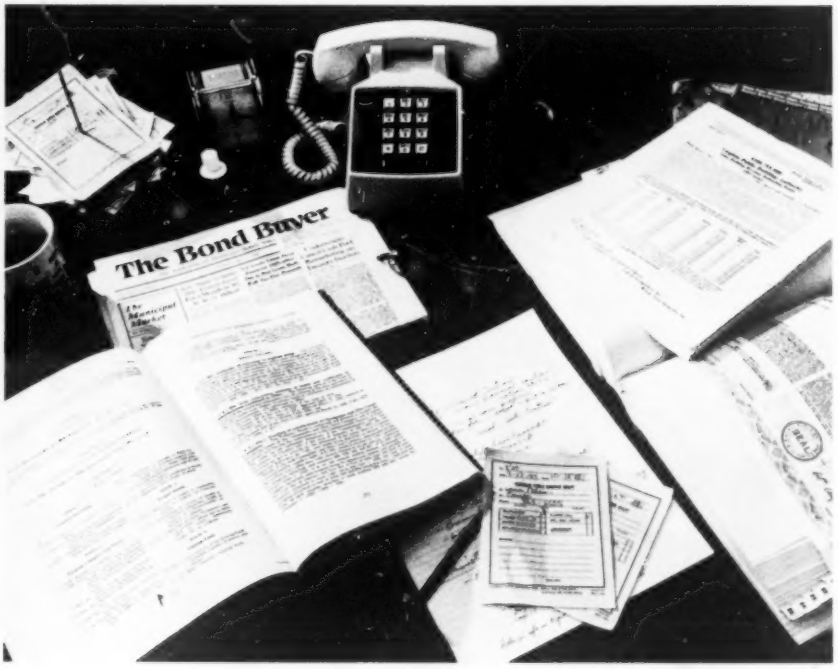


FIGURE 4

Portfolio Distribution by Investment Type—General Account





interest rates. If rates drop further, substantial funds are available for investment in longer-term maturities. On the other hand, with the relatively short average maturity of 245 days, the portfolio will not suffer from any increase in interest rates if an upturn occurs.

The Local Government Investment Pool enables State and local governmental entities, institutions and authorities to avail themselves of the economies of large-scale investing as well as active, professional management of funds by the Division's investment staff. The Pool experienced exceptional growth in the last several years, growing from $10 million in 1982 to the current level of over $320 million. Pooled funds are invested in accordance with Treasury Board investment guidelines and provide liquidity to the investor with same-day investment of funds and only one-day notice for withdrawal of funds.

The Division's Cash Administrator and Bank Services Manager focus on cash flows of the State, which takes them into virtually every agency and institution where the management of cash flows can be enhanced. Each year the Division works with and makes recommendations to a number of agencies and institutions, in addition to formulating Statewide policies and procedures. The confidence and trust established with both the financial community and other State agencies has made it possible to carry out many initiatives at significant savings to the Commonwealth.

Debt Management

As a result of prudent fiscal management and conservative debt practices, the Commonwealth continues to enjoy excellent bond ratings. At the close of fiscal year 1987, total debt backed by the full faith and credit of the Commonwealth amounted to $415.8 million, of which $343.4 million was revenue supported. In addition, long-term building leases outstanding amounted to $125.6 million for a total of General Fund supported debt of $541.3 million, and State authority debt (excluding the Small Business Financing Authority) was $3,851.6 million (see Figure 5).

The Debt Management Division underwent a complete reorganization during the fiscal year. A new director was appointed and several positions were added to meet the additional responsibilities that resulted from legislation enacted in 1986 and 1987. The reorganization has brought increased technical skills and resources to the Division to meet the challenge of managing debt in an increasingly complex financing environment and to aggressively monitor the administration of outstanding debt.

Work was begun in the second half of the fiscal year to analyze the feasibility of an equipment lease financing program to meet the equipment needs of State agencies. In addition, the Virginia Public School Authority began a restructuring of its financing program to accommodate increased demand from localities. The Virginia College Building Authority program implemented its equipment financing activities for the State institutions of higher education.

During the fiscal year, the Division completed a number of direct State debt transactions, as well as several bond issues for certain State authorities staffed by the Division. In each instance, the prices paid and the interest rates

FIGURE 5

Total Debt

(Dollars in Millions)

	FY86	FY87
Full Faith and Credit Debt:		
General Obligation Debt	$ 78.9	$ 72.3
Revenue Supported Debt	247.9	343.4
Total General Obligation Debt	353.8	415.8
Long-Term Building Leases	106.3	125.6
Total General Fund Supported Debt	$ 460.1	$ 541.3
Non-Full Faith and Credit Debt:		
Agency Debt	$ 267.3	$ 267.6
Authority Debt	3,359.6	3,851.6
Total Non-Full Faith and Credit Debt	$3,626.9	$4,118.7

obtained were highly competitive in relation to the bond market at the time these bond sales took place (see Figure 6). Bond yields fell during the first part of the fiscal year and during the third quarter were at their lowest point since 1979 (see Figure 7). This made it economically advantageous to the Commonwealth to refund certain outstanding debt obligations. For the same reasons many localities also undertook refundings, which were reviewed by staff for recommendation to the State Council on Local Debt. The transactions completed during the fiscal year are listed below:

Bond issues sold in the second half of the fiscal year were complicated by the requirements of the federal Tax Reform Act of 1986. Many provisions of the Act affect tax-exempt bonds by further restricting the earnings on the investment of bond proceeds and imposing burdensome IRS reporting requirements. These provisions not only make the issuance of debt more complex, but substantially complicate the administration of outstanding debt.

The Division looks forward to providing financing for a variety of purposes in the coming year, including the Commonwealth's new

Month	Issue	Rating	Amount
July, 1986	Virginia College Building Authority Educational Facilities Revenue Bonds (Equipment Leasing Program)	SP-1+	$ 90,000,000
July, 1986	Commonwealth of Virginia Transportation Facilities Bonds (Powhite Extension)	Aaa/AAA	$ 78,000,000
January, 1987	Commonwealth of Virginia Transportation Facilities Refunding Bonds (Dulles Toll Road)	Aaa/AAA	$ 57,100,000
February, 1987	Virginia Commonwealth University Medical College of Virginia Hospital Revenue Refunding Bonds	A1/A+	$ 24,750,000
March, 1987	Virginia Public Building Authority State Building Revenue Refunding Bonds (State Office Buildings)	Aa/AA	$100,755,000
April, 1987	Virginia Public School Authority School Financing Bonds	Aa/AA	$ 51,510,000
May, 1987	Remarketing of Virginia College Building Authority 1986 Series A Bonds	AA	$ 21,100,000

FIGURE 6

True Interest Cost of Commonwealth Debt—FY '87

(Fixed Rate)

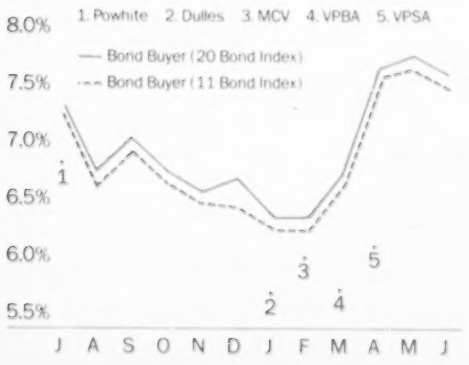
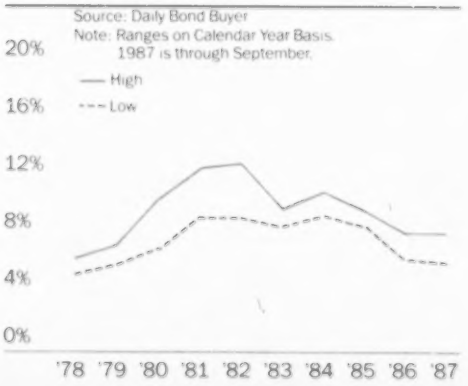


FIGURE 7

Range for the Bond Buyer 20—Bond Index



prison facilities, capital projects for higher education and transportation, and equipment leasing. In addition, the Division will begin to play an expanded role to support the more comprehensive oversight responsibilities given the Treasury Board for debt issuance activities of institutions and certain authorities.

Abandoned Property

The primary responsibility of the Division of Abandoned Property is the administration of Virginia's Unclaimed Property Act and escheat laws.

In 1987, more than 61,080 new owner names were added to the computer data base with property totaling $23.8 million. Advertising these owner names produced 15,550 telephone calls and 950 written inquiries. As a result, $8.3 million in claims were paid to 3,749 owners (see Figure 8).

The audit staff completed 52 audits with findings totaling $5.8 million, of which $3.5 million was remitted in fiscal year 1987, with the remaining $2.3 million to be remitted in fiscal year 1988 (see Figure 9). During the fiscal year, Virginia joined Massachusetts, North Carolina, and New York to form a reciprocal Audit Task Force group. An audit of one of the nation's largest mutual fund holders is currently underway with indications of substantial findings for all reciprocal states.

The investigative staff continued the SEARCH (State's Efforts Are Returning Cash Held) program in eight shopping malls throughout Virginia. A total of 9,054 inquiries were received during their visits, 292 claims were paid with an additional 241 pending payment. In addition, the Division has begun work with the Department of Aging and the Department of Consumer Affairs in a cooperative effort to help educate the public about unclaimed property.

In fiscal year 1987 the first two court cases, one concerning unclaimed bearer bond interest and the second concerning tangible property, were successfully litigated by the Commonwealth. The results of the bearer bond case brought a major holder of unclaimed property into compliance. In the second case, the court found that stolen unclaimed property was applicable under the Unclaimed Property Act. The precedents set in these two cases will have a positive impact on the unclaimed property program.

As illustrated below, the total amount transferred to the Literary Fund from the inception of the Act in 1961 through 1980, has increased

FIGURE 8

Unclaimed Property Reported

(Dollars in Millions)

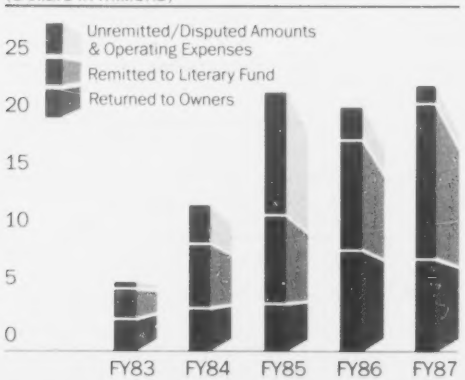
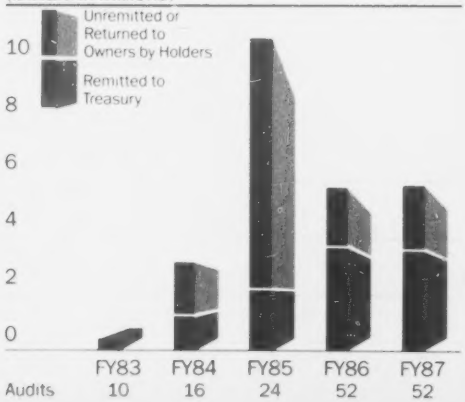


FIGURE 9

Unclaimed Property Results of Audits—Reported Findings

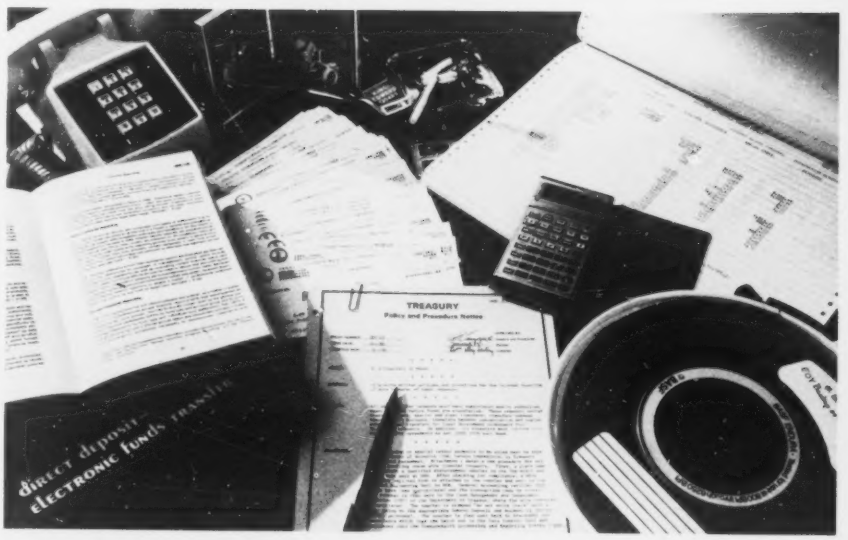
(Dollars in Millions)



dramatically when compared to the 1981-1987 period when the acceleration in the program began.

Transferred to Literary Fund 1961-1980	$ 8,447,077
Transferred to Literary Fund 1981-1987	$43,575,176
Percentage of Increase	515%

The Division also has responsibility for the administration of escheat laws. Escheat laws provide for the auctioning of abandoned land after a statutory process. The proceeds first go to pay delinquent taxes on the land to localities. This benefits localities by returning formally abandoned land to the local tax rolls. The balance of the auction proceeds, less the expenses of the sale, are deposited in the Literary Fund. In 1987 there were 589 parcels sold for a total of $910,036 compared to 928 parcels sold in 1986 totaling $706,535.



Treasury Operations

The Treasury Operations Division is responsible for the fiscal operations of the Department, as well as various statewide activities including accounting for trust funds over which the State Treasurer serves in a trustee or custodian capacity, processing and disbursing checks, data processing, bank reconciliation and stop payments, and accounting for all cash held in banks used by the Commonwealth.

The implementation of a computer-based microfilm check storage and retrieval system enabled the Division to respond to over 40,000 inquiries during the year, an increase of 30%, without additional staff resources.

The use of the Automated Clearing House Disbursement System (ACH) continues to expand. This process of electronically transferring funds will further reduce the use of paper-based systems. ACH transactions increased 73% to 426,000 payments during 1987, compared to 265,000 during 1986 (see Figure 10). Continued utilization of this kind of payment system produces significant cost savings to the State, and therefore continues to be a top priority of the Division.

During 1987, the Division experienced an increase in check processing activity largely due to increases in tax refund checks and child support enforcement payments (see Figure 11). Likewise, accounting activity increased due in large part to additional Governmental Accounting Standards Board disclosure requirements, the Department's commitment to conform to generally accepted accounting principles, and increased financing activities.

FIGURE 10

Volume of ACH Transactions

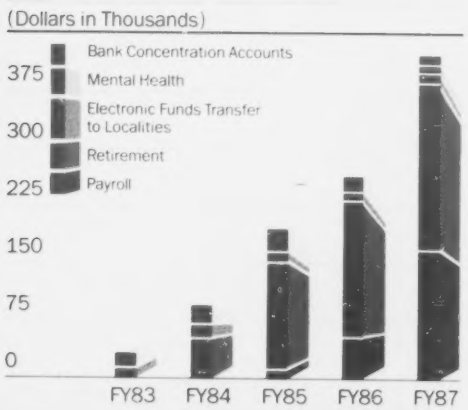
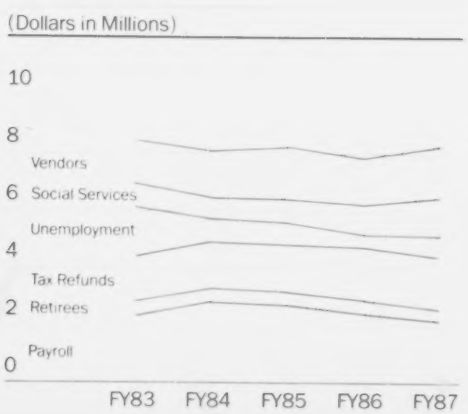


FIGURE 11

Distribution of Checks Issued



Wm. Clay Wiley, Mary K. Ittermann, Betty A. Ball

Karen L. Cooper, Ronald L. Tillett, Susan T. Hunt

In furthering its commitment to provide an increased level of services at lower costs, the Division will devote its efforts to completing some of the projects initiated during the fiscal year. Some of these projects include implementation of "zip + 4" mailing, inhouse sorting of mail, and further conversion to microfilm and microfiche technology to reduce and, where possible, eliminate reliance on paper through increased use of electronic funds transfer.

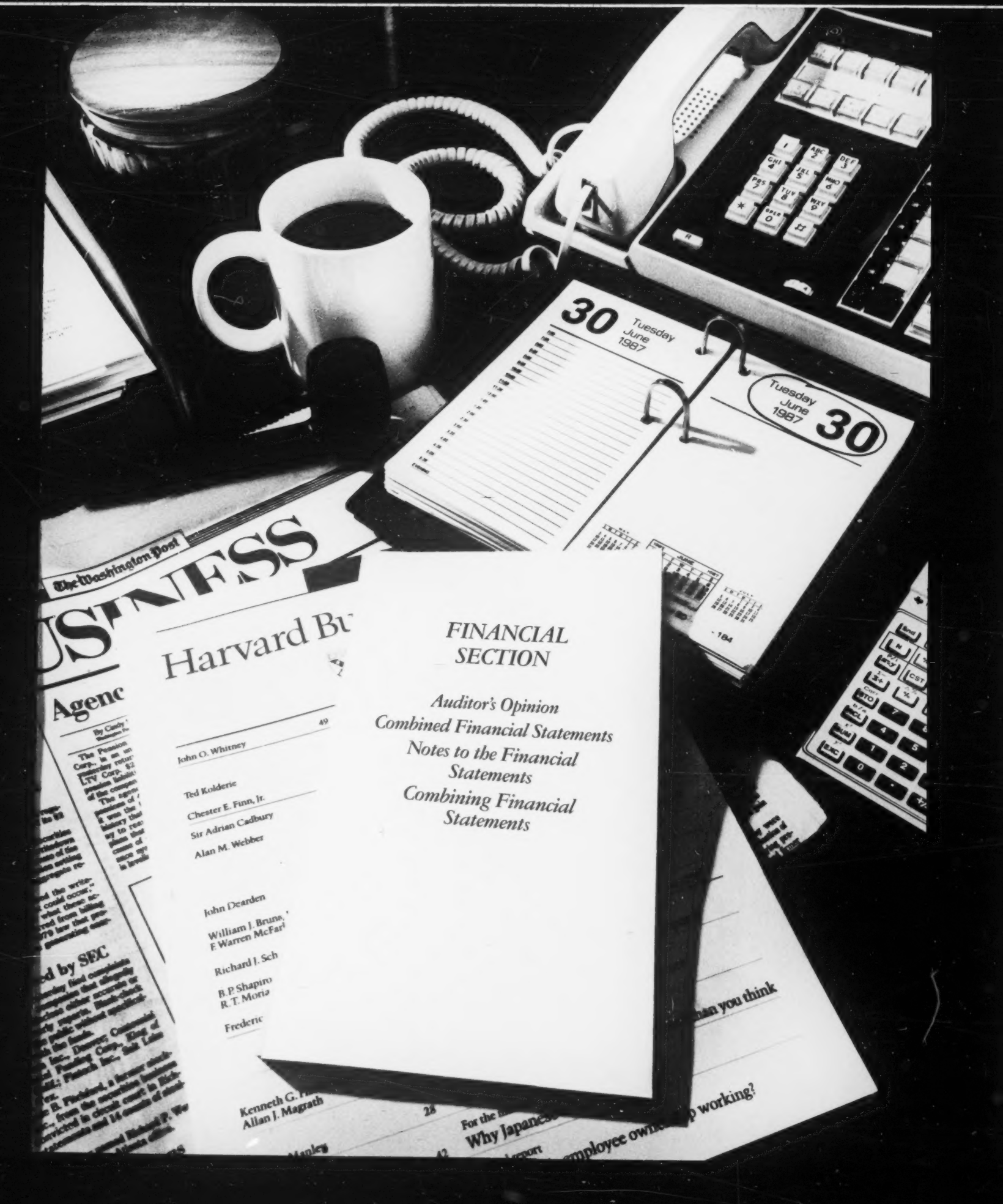
General Management

The General Management Division of the State Treasury provides administrative and managerial support services to the four functional Divisions within the Agency. The staff is responsible for the coordination of Agency-wide special projects and outreach programs to the citizen community.

The Deputy Treasurer, appointed by the State Treasurer, is responsible for developing and implementing overall Agency goals and objectives. In this capacity, the Deputy oversees the day to day management of all internal operations, including general administration, personnel, fiscal services, and internal audit. Through the administration of these areas, he analyzes and reviews the Agency's overall program methods and procedures to ensure that delivery of services is provided efficiently, and at the lowest cost to the Commonwealth. The Special Assistant to the Treasurer maintains and coordinates all information flow between the Treasurer and senior staff. The position acts as a liaison for the General Assembly, other State agencies, and the public by providing assistance and information on ongoing programs. The Director of Financial Policy provides research analysis on national financial trends and issues as they impact the State's financing activities, and briefings related to certain activities of State authorities. In addition, this position has primary responsibility for the coordination and development of the Agency's policy and procedures, and is the Treasury's Regulatory Coordinator.

Conclusion

Sound fiscal practices combined with prudent management of financial resources create the professional environment necessary to meet the future needs of the citizens of Virginia. The Treasurer and the Department will continue their proactive approach to policy development and innovation in managing the Commonwealth's debt and fiscal resources in a cost efficient and prudent manner.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FINANCIAL SECTION
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Auditor's Opinion

Walter J. Kucharski, Auditor

Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23210

November 16, 1987

The Honorable Gerald L. Baliles
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Hunter B. Andrews
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

Gentlemen:

We have examined the combined and combining financial statements of the Department of Treasury as of and for the year ended June 30, 1987, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

As described in Note 1, the financial statements of the Department of Treasury are prepared on the cash basis of accounting, with certain exceptions, to reflect the Department's accounting for funds for which it has a custodial responsibility. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations of the Commonwealth of Virginia, Department of Treasury or its individual funds in accordance with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the assets, liabilities and fund equity arising from cash transactions of the fund types and individual funds of the Department of Treasury as of June 30, 1987, and the revenue collected and expenditures paid during the year then ended, on the basis of accounting described in Note 1, which, except for the changes described in Note 1 with which we concur, has been applied in manner consistent with that of the preceding year.

Sincerely,

Walter J. Kucharski

AUDITOR OF PUBLIC ACCOUNTS

Combined Balance Sheet— Governmental, Proprietary, Fiduciary and Higher Education Funds

June 30, 1987

	Governmental Fund Types		
	Special Revenue	Debt Service	Capital Projects
Assets:			
Cash and Cash Equivalents	$ 24,566,027	$ 60,069	$ 1,177,106
Cash With Paying Agent	—	4,746,869	—
Loans Receivable	50,519,665	—	—
Interest Receivable	—	—	—
Accrued Interest Purchased	6,454	—	10,511
Bond Anticipation Notes	—	—	—
Investments In:			
Local School Bonds	—	—	—
RF&P Stock	—	—	—
Governmental Securities	153,603,548	4,762,466	87,291,399
Securities Held by Escrow Agent	—	98,051,042	—
Securities Pledged and Held in Safekeeping	—	—	—
Securities of Other Agencies Held in Safekeeping	—	—	—
Due From Other Funds	231,198,770	—	—
Total Assets	$ 459,894,464	$ 107,620,446	$ 88,479,016
Liabilities:			
Accrued Interest Sold	$ —	$ —	$ —
Matured Interest Payable	—	1,912,925	—
Matured Bonds Payable	—	150,000	—
Bonds Payable	—	—	—
Funds Held For Others	—	—	—
Bond Anticipation Notes Payable	—	—	—
Due To Other Funds	—	—	—
Total Liabilities	—	2,062,925	—
Fund Equity:			
Retained Earnings	—	—	—
Reserved Fund Balances	281,718,435	105,557,521	88,479,016
Unreserved Fund Balances	178,176,029	—	—
Total Fund Equity	459,894,464	105,557,521	88,479,016
Total Liabilities and Fund Equity	$ 459,894,464	$ 107,620,446	$ 88,479,016

The accompanying notes are an integral part of this financial statement.

Proprietary Fund	Fiduciary Fund Types			Totals (Memorandum Only)
Enterprise	Expendable Trust	Agency	Higher Education	
$ 5,638,952	$ 801,848	$ (36,884,742)	$ 24,230,172	$ 19,589,432
4,231,710	—	—	4,148,015	13,126,594
231,198,770	—	—	—	281,718,435
—	—	1,185,427	—	1,185,427
—	—	2,515,513	96,338	2,628,816
1,500,000	—	—	—	1,500,000
256,110,000	—	—	—	256,110,000
—	—	94,759,200	—	94,759,200
13,080,000	446,619	6,579,272,717	204,960,672	7,043,417,421
—	—	—	171,773,373	269,824,415
—	—	137,578,651	—	137,578,651
—	—	5,462,800	—	5,462,800
—	—	—	—	231,198,770
$ 511,759,432	$ 1,248,467	$6,783,889,566	$ 405,208,570	$8,358,099,961
$ —	$ —	$ 472,428	$ 100,748	$ 573,176
952,824	—	—	950,666	3,796,415
1,410,000	—	—	3,075,000	4,635,000
256,110,000	—	—	—	256,110,000
—	—	6,783,417,138	—	6,783,417,138
1,500,000	—	—	—	1,500,000
231,198,770	—	—	—	231,198,770
491,171,594	—	6,783,889,566	4,106,414	7,281,230,499
20,587,838	—	—	—	20,587,838
—	—	—	—	475,754,972
—	1,248,467	—	401,102,156	580,526,652
20,587,838	1,248,467	—	401,102,156	1,076,869,462
$ 511,759,432	$ 1,248,467	$6,783,889,566	$ 405,208,570	$8,358,099,961

Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Retained Earnings— Governmental, Proprietary, Fiduciary and Higher Education Funds

For the Fiscal Year Ended June 30, 1987

	Governmental Fund Types		
	Special Revenue	Debt Service	Capital Projects
Revenues:			
Interest On:			
Cash Equivalents and Investments	$ 4,885,878	$ 3,635,282	$ 7,384,360
Local School Bonds	—	—	—
Literary Loans	735,864	—	—
Fines and Forfeitures	1,012,340	—	—
Toll Revenue	56,344,448	—	—
Chesterfield County Revenue	—	—	6,367,360
Fines, Forfeitures, Escheats and Penalties	22,007,118	—	—
Gain (Loss) On Investments Sold	—	—	—
Transfers From State Agencies, Universities and Others	126,319,969	7,220,056	1,600,000
Miscellaneous Revenue	12,353	—	—
Total Revenues	191,315,970	10,855,338	15,351,720
Expenditures:			
Interest Expense	—	14,584,074	—
Principal Retirement	—	8,775,000	—
Authorized Payments	29,642,499	—	56,700,052
Bond Issuance Costs	105,547	—	—
Refunds	2,000	304,910	4,665
Tranfers To State Agencies, Universities and Others	1,500,000	4,449	—
Miscellaneous Expense	5,983	10,396	101,789
Total Expenditures	31,255,829	23,678,829	56,806,506
Excess (Deficiency) Of Revenues Over (Under) Expenditures	160,060,141	(12,823,491)	(41,454,786)
Other Financing Sources:			
Operating Transfers In (Out)	(34,283,160)	26,383,063	15,367,372
Bond Proceeds	104,315	—	77,159,518
Proceeds From Defeasences	—	56,426,429	—
Total Other Financing Sources (Uses)	(34,178,847)	82,809,492	92,526,890
Excess (Deficiency) Of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	125,881,294	69,986,001	51,072,104
Fund Balances/Retained Earnings at July 1, 1986	112,098,296	40,701,705	37,406,912
Adjustments Due to Restatement (Note 1)	221,914,874	(5,130,185)	—
Fund Balances/Retained Earnings at June 30, 1987	$ 459,894,464	$ 105,557,521	$ 88,479,016

The accompanying notes are an integral part of this financial statement.

Proprietary Fund	Fiduciary Fund		
Enterprise	Expendable Trust	Higher Education	Totals (Memorandum Only)
$ 919,149	$ 79,074	$ 34,847,001	$ 51,748,744
14,708,488	—	—	14,708,488
6,990,879	—	—	7,726,743
—	—	—	1,012,340
—	—	—	36,344,448
—	—	—	6,367,360
—	—	—	22,007,118
32,407	140,548	—	172,955
—	10,932	32,612,435	167,763,392
33,823	—	—	46,176
22,684,746	230,554	67,459,436	307,897,764
11,846,675	—	41,935,483	68,366,232
—	—	12,051,276	20,826,276
133,611	779	61,673,725	148,150,666
159,836	—	—	265,183
—	—	675,983	987,558
—	—	—	1,504,449
674	27,684	165,863	312,389
12,140,796	28,463	116,502,330	240,412,753
10,543,950	202,091	(49,042,894)	67,485,011
(7,467,275)	—	23,261,421	23,261,421
—	—	16,000,000	93,263,831
—	—	24,334,426	80,760,855
(7,467,275)	—	63,595,847	197,286,107
3,076,675	202,091	14,552,953	264,771,118
466,156,884	1,046,376	396,715,078	1,054,125,251
(448,645,721)	—	(10,165,875)	(242,026,907)
$ 20,587,838	$ 1,248,467	$ 401,102,156	$1,076,869,462

Notes to the Financial Statements

June 30, 1987

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to Articles 2 and 6 of Chapter 14 of Title 2.1 of the *Code of Virginia*, the Department of the Treasury receives all funds belonging to or for the use of the Commonwealth and disburses based upon warrants issued by the State Comptroller. In addition, in accordance with various Sections of the *Code of Virginia*, the Department exercises operational control over certain funds over which it has custody. With regard to these funds, the Department receives and disburses in accordance with the specific provisions of law.

The accompanying financial statements are presented to reflect the Department's accounting for revenues and receipts and expenditures and disbursements in accordance with the provisions of the *Code of Virginia* and are not intended to present the financial position or results of operations of the Commonwealth of Virginia, Department or the Funds over which the Department has custody in accordance with generally accepted accounting principles.

A. Basis of Accounting

The accompanying financial statements are presented using the cash basis of accounting, except for interest on investments of the Local Government Investment Pool, an agency fund, and matured interest and principal payable on long-term indebtedness, all of which are accounted for on the modified accrual basis of accounting. Under the cash basis of accounting, revenue is recognized when received in cash and expenditures are recognized at the time disbursements are made. Under the modified accrual basis of accounting, interest on investments is recorded when earned and interest and principal on long-term indebtedness is recorded when due rather than when disbursed by the paying agent to bond holders.

The basis of accounting for the financial statements for June 30, 1987 is not consistent with prior years. Previously, the financial statements were presented on the cash basis of accounting.

B. Fund Accounting

The accompanying financial statements are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, receipts and disbursements, as appropriate on the basis of accounting described above. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds over which the Department has full or partial operational control are reported as a Governmental, Proprietary or Higher Education Fund. Funds over which the Department exercises no control but acts solely as custodian are reported as Fiduciary Funds.

The financial statement fund structure is not consistent with that of the previous year, as a result of changes required to bring the statements into conformity with the governmental accounting model prescribed by the Governmental Accounting Standards Board.

The funds of the Department are grouped, in the financial statements in this report, into six fund types as follows:

Governmental Funds

Special Revenue Funds — are used to account for the proceeds of specific revenue sources (other than expendable trusts, or capital projects) that are legally restricted to expenditures for specified purposes. These funds principally reflect the activity of the State Literary Fund, funds established to account for various transportation initiatives, and the various toll road revenue and reserve maintenance funds.

Debt Service Funds — are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, other than debt service activity related to institutions of higher education which is accounted for in the Higher Education Fund. These funds reflect the activity of Bond Service, Redemption, and Sinking Funds required by trust agreements relating to individual bond issues.

Capital Projects Funds — are used to account for the proceeds from bonds and associated financial resources to be used for the acquisition or construction of major capital facilities other than those financed by bonds sold by Proprietary Funds and bonds associated with institutions of higher education accounted for in the Higher Education Fund.

Proprietary Funds

Enterprise Fund — accounts for operations that are financed in a manner similar to private business enterprises where the intent is to recover costs through user charges. This fund accounts for the operations of the Virginia Public School Authority which sells bonds to finance the construction of schools by counties and cities. Authority bond proceeds are used to purchase bonds issued by counties and cities who make periodic debt service payments to the Authority.

Fiduciary Funds

Trust and Agency Funds — are used to account for assets held by the Department in its capacity as custodian of State funds, as an agent for State agencies, private organizations, other governmental entities, and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trust Funds account for monies held for various State agencies which are expendable for designated purposes. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the General Account of the Commonwealth which is the account principally used to record receipts and disbursements of the General Fund of the Commonwealth, Highway Maintenance and Construction Fund, Federal Trust Fund, and the Department of Alcoholic Beverage Control; Medicaid Concentration Account; Local Government Investment Pool; fund accounts of the Virginia Supplemental Retirement System, Virginia Public Building Authority, Virginia College Building Authority, and the Center for Innovative Technology among others.

Higher Education Funds

Higher Education Funds — are used to account for the proceeds from the sale of bonds and related resources for capital projects at institutions of higher education and payments received from institutions for debt service and related disbursements for debt service.

C. **"Total" Columns on Combined Financial Statements**

The "Total" columns on the combined financial statements are presented only to facilitate financial analysis. Amounts in these columns do not present consolidated financial position, results of operations, or changes in financial position.

2. CASH AND INVESTMENTS

Cash and Cash Equivalents — include demand and time deposits, certificates of deposit with a maturity date of less than one year at fiscal year-end. At fiscal year-end, the carrying value of demand deposits was $19,589,432, and the bank balance was $212,336,252. Of the bank balance, $210,512,450 was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits (demand deposits, time deposits and certificates of deposit) in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of the FSLIC limits. Of the bank balance, $1,823,802 was uninsured and uncollateralized in banks not fully qualifying under the Act.

Investments. Statutes authorize the Department to invest in obligations of the United States or agencies thereof; obligations of the International Bank for Reconstruction and Development and Asian Development Bank; commercial paper; bankers' acceptances; repurchase agreements; corporate notes; and first lien deeds of trust on residential real property.

The Department's investments are presented below by risk category to give an indication of the level of risk assumed at year-end. Risk Category 1 includes investments that are insured or registered or for which the securities are held by the Department or its safekeeping agent in the Department's name. Risk Category 2 includes uninsured or unregistered investments for which securities are held by the broker's or dealer's trust department or safekeeping agent in the Department's name. Risk Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent but not in the Department's name.

Investments consisting of U.S. Government securities totaling $269,824,415 held by various banking institutions in a custodial capacity pursuant to escrow agreements with the Department meet the criteria for inclusion in Risk Category 1.

	Category of Credit Risk			Carrying Amount	Market Value
	1	2	3		
U.S. Government Securities	$1,484,901,638	$ —	$ 108,368,333	$1,595,269,971	$1,595,969,508
Repurchase Agreements	47,573,290	—	358,252,710	405,826,000	405,826,000
Bankers' Acceptances	392,821,335	—	—	392,821,335	397,851,661
Commercial Paper	453,486,856	—	—	453,486,856	455,564,635
Certificates of Deposit (Not Maturing in next 12 months)	5,000,000	—	—	5,000,000	5,000,000
Bonds and Mortgage Securities	2,480,161,916	117,297,171	18,112,379	2,615,571,466	2,610,650,392
Stocks	1,928,310,993	—	—	1,928,310,993	2,409,857,919
Total	$6,792,256,028	$ 117,297,171	$ 484,733,422	$7,394,286,621	$7,880,720,115

3. LOANS RECEIVABLE

Loans receivable of the Enterprise Fund which is comprised of the Virginia Public School Authority (the Authority) is represented by State Literary Fund loan notes. These notes are recorded at face value and represent loans to local governments for school construction. Interest rates charged on State Literary Fund loans are established by the State Board of Education subject to the limitations imposed by Section 22.1-150 of the *Code of Virginia* which provides that the rate of interest may not be less than 2% or greater than 6% annually.

Section 22.1-170 provides that State Literary Fund loan notes remain an asset of the Literary Fund (a Special Revenue Fund) but may be used by the Authority as if such assets were the property of the Authority. Accordingly, a liability, due to other funds, in the amount of the loans is reflected in the Enterprise Fund to reflect the obligation to return these notes to the Literary Fund.

4. SECURITIES HELD BY ESCROW AGENT/ ADVANCE REFUNDINGS OF DEBT

A. Advance Refundings Resulting in the Defeasance of Debt

On February 4, 1987, the Commonwealth issued $57.1 million in Transportation Facilities Refunding Bonds, Series 1987 A, with an average interest rate of 5.1 percent to advance refund $56 million of outstanding Series 1982 Bonds with an average interest rate of 9.5 percent. The net proceeds from the sale of the bonds in the amount of $56.4 million plus a payment from the Commonwealth of $10.4 million were used to purchase U.S. Government securities and deposited in an irrevocable trust with an escrow agent to provide for all debt service payments on the Series 1982 Bonds. The Commonwealth refunded the Series 1982 Bonds to reduce its total debt service payments over the next 22 years by approximately $28.4 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $16.6 million.

On February 26, 1987, the Medical College of Virginia issued $24.7 million in Revenue Refunding Bonds, Series C, with an average interest rate of 6.3 percent to advance refund $20.5 million of outstanding Medical College of Virginia Hospital Revenue Bonds, Series B, with an average interest rate of 9.4 percent. Of the $24.4 million of net proceeds derived from the sale by the University, $22.4 million was used to purchase U.S. Government Securities and deposited in an irrevocable trust with an escrow agent to provide for all debt service payments on the Series B bonds, and approximately $2.0 million was deposited into a Debt Service Account and applied towards the purchase of State and Local Government Series obligations. The advance refunding of the 1985 Series B Bonds will reduce total debt service payments over the next 21 years by approximately $3.6 million and provide an economic gain of approximately $1.7 million.

B. Prior Year Defeasance of Debt

In prior years, the Commonwealth of Virginia and the University of Virginia (UVA) Hospital refunded and defeased in substance the following bond issues by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of June 30, 1987, the following bond issues are considered defeased:

Issues	Amount
1975 Transportation Facilities Bonds	$ 47,000,000
1984 UVA Hospital Revenue Bonds—Series A	40,000,000
1984 UVA Hospital Revenue Bonds—Series B	110,000,000
Total	$197,000,000

C. Summary of Defeased Debt and Securities Held by Escrow Agent

Statement No. 7 of the Governmental Accounting Standards Board, Advance Refundings Resulting in Defea-

sance of Debt, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. However, the Department continues to have custodial responsibility for these assets even though they are held by an escrow agent, accordingly, the following amounts held by escrow agents for the payment of debt service on the foregoing defeased issues are presented in the financial report:

Issues	U.S. Government Securities Held By Escrow Agent
1973 Transportation Facilities Bonds . .	$ 32,640,869
1984 UVA Hospital Revenue Bonds—Series A	39,479,015
1984 UVA Hospital Revenue Bonds—Series B	107,758,249
1982 Transportation Facilities Bonds . .	65,410,173
1983 MCV Hospital Revenue Bonds—Series B	24,536,109
Total	$269,824,415

5. SECURITIES PLEDGED AND HELD FOR SAFEKEEPING

The Department acts as trustee for certain investments placed in its custody by State agencies, insurance companies, and other entities. In certain instances, the Department has been given restricted authority to invest a portion of these funds in interest-bearing securities. Securities pledged are reflected at face value. Securities and other investments held for safekeeping are reflected at cost with the exception of the Virginia Soil and Water Conservation Commission which is reflected at face value.

6. SURETY BOND

The employees of the Department are covered by a Faithful Performance Blanket Position Bond in the amount of $50,000 for each employee with a deductible clause of $2,500 for each loss and an Excess Faithful Performance Blanket Bond with coverage in the amount of $450,000 for each loss in excess of the coverage provided by the aforementioned bond, both with The Home Insurance Company as surety. In addition, the Treasurer of Virginia is bonded in the amount of $250,000 with The Home Insurance Company as surety.

Combining Balance Sheet—
Special Revenue Funds

June 30, 1987

	Commonwealth Airport	Commonwealth Mass Transit	Commonwealth Port	Highway Construction	Literary
Assets:					
Cash and Cash Equivalents	$ 72,822	$ 252,059	$ 126,838	$ 12,050,261	$ 4,447,461
Loans Receivable	—	—	—	—	50,519,665
Accrued Interest Purchased	—	—	—	—	—
Investments in Governmental Securities	1,509,826	4,141,472	3,437,953	95,297,058	36,731,881
Due from Other Funds	—	—	—	—	231,198,770
Total Assets	$ 1,582,648	$ 4,393,531	$ 3,564,791	$107,347,319	$322,897,777
Fund Balances:					
Reserved for Loans Receivable	$ —	$ —	$ —	$ —	$281,718,435
Unreserved	1,582,648	4,393,531	3,564,791	107,347,319	41,179,342
Total Fund Balances	$ 1,582,648	$ 4,393,531	$ 3,564,791	$107,347,319	$322,897,777

See Notes to the Financial Statements.

Revenue and Reserve Maintenance Funds				
Toll Facilities Revolving	Dulles Series 1987	Elizabeth River Tunnel Toll	Richmond-Petersburg Turnpike	Total
$ 52	$ 45,137	$ 3,001,211	$ 4,572,186	$ 24,566,027
—	—	—	—	50,519,665
—	—	6,454	—	6,454
588,000	2,569,468	1,939,438	7,388,452	153,603,548
—	—	—	—	231,198,770
$ 588,052	$ 2,612,605	$ 4,947,103	$ 11,960,638	$459,894,464
$ —	$ —	$ —	$ —	$281,718,435
588,052	2,612,605	4,947,103	11,960,638	178,176,029
$ 588,052	$ 2,612,605	$ 4,947,103	$ 11,960,638	$459,894,464

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Special Revenue Funds

For the Fiscal Year Ended June 30, 1987

	Commonwealth Airport	Commonwealth Mass Transit	Commonwealth Port	Highway Construction	Literary
Revenues:					
Interest On:					
Cash Equivalents and Investments	$ 19,211	$ 73,008	$ 32,084	$ —	$ 2,124,645
Literary Loans	—	—	—	—	735,864
Fines and Forfeitures	—	—	—	—	1,012,340
Toll Revenue	—	—	—	—	—
Fines, Forfeitures, Escheats and Penalties	—	—	—	—	22,007,118
Transfers From State Agencies, Universities and Others	3,034,719	10,621,516	5,310,758	107,347,319	—
Miscellaneous Revenue	—	—	—	—	4,913
Total Revenues	3,053,930	10,694,524	5,342,842	107,347,319	25,884,880
Expenditures:					
Authorized Payments	1,471,282	6,300,993	1,778,051	—	—
Bond Issuance Costs	—	—	—	—	—
Refunds	—	—	—	—	2,000
Transfers To State Agencies, Universities and Others	—	—	—	—	1,500,000
Miscellaneous Expense	—	—	—	—	1,028
Total Expenditures	1,471,282	6,300,993	1,778,051	—	1,503,028
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,582,648	4,393,531	3,564,791	107,347,319	24,381,852
Other Financing Sources (Uses):					
Operating Transfers In (Out)	—	—	—	—	7,467,273
Bond Proceeds	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	7,467,273
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	1,582,648	4,393,531	3,564,791	107,347,319	31,849,125
Fund Balances at July 1, 1986	—	—	—	—	69,133,778
Adjustments Due to Restatement (Note 1)	—	—	—	—	221,914,874
Fund Balances at June 30, 1987	$ 1,582,648	$ 4,393,531	$ 3,564,791	$107,347,319	$322,897,777

See Notes to the Financial Statements.

Revenue and Reserve Maintenance Funds					
Toll Facilities Revolving	Dulles Series 1987	Elizabeth River Tunnel Toll	Richmond-Petersburg Turnpike	Transportation Facilities Series 1982	Total
$ 588,052	$ 46,097	$ 991,093	$ 570,898	$ 438,790	$ 4,883,878
—	—	—	—	—	735,864
—	—	—	—	—	1,012,340
—	5,792,586	544,151	22,849,496	7,158,235	36,344,448
—	—	—	—	—	22,007,118
—	—	—	5,657	—	126,319,969
—	—	951	6,489	—	12,353
588,052	5,838,683	1,536,175	23,432,540	7,597,025	191,315,970
—	970,884	2,197,449	14,461,849	2,461,991	29,642,499
—	105,347	—	—	—	105,347
—	—	—	—	—	2,000
—	—	—	—	—	1,500,000
—	—	—	4,955	—	5,983
—	1,076,231	2,197,449	14,466,804	2,461,991	31,255,829
588,052	4,762,452	(661,274)	8,965,736	5,135,034	160,060,141
—	(2,254,160)	(12,385,860)	(12,000,000)	(15,110,413)	(34,283,160)
—	104,313	—	—	—	104,313
—	(2,149,847)	(12,385,860)	(12,000,000)	(15,110,413)	(34,178,847)
588,052	2,612,605	(13,047,134)	(3,034,264)	(9,975,379)	125,881,294
—	—	17,994,237	14,994,902	9,975,379	112,098,296
—	—	—	—	—	221,914,874
$ 588,052	$ 2,612,605	$ 4,947,103	$ 11,960,638	$ —	$459,894,464

Combining Balance Sheet—
Debt Service Funds

June 30, 1987

	Bond Service and Redemption Funds			
	Dulles Series 1982	Dulles Series 1987	Powhite Parkway	Public Facilities 1978
Assets:				
Cash and Cash Equivalents	$ —	$ 38,506	$ —	$ —
Cash With Paying Agent	1,754,980	—	2,683,944	32,733
Investments In:				
Governmental Securities	—	3,043,875	—	—
Securities Held by Escrow Agent	65,410,173	—	—	—
Total Assets	$ 67,165,153	$ 3,082,381	$ 2,683,944	$ 32,733
Liabilities:				
Matured Interest Payable	$ 1,754,980	$ —	$ —	$ 32,733
Matured Bonds Payable	—	—	—	—
Total Liabilities	1,754,980	—	—	32,733
Fund Balances:				
Reserved for Debt Service	65,410,173	3,082,381	2,683,944	—
Total Liabilities and Fund Balances	$67,165,153	$3,082,381	$2,683,944	$ 32,733

See Notes to the Financial Statements.

Sinking Funds				
General Obligation Bonds 1969	Richmond-Petersburg Turnpike	Virginia Port Toll Revenue 1978	Virginia Port Toll Revenue 1980	Total
$ 2,590	$ —	$ 14,419	$ 4,554	$ 60,069
235	—	172,602	102,375	4,746,869
171,275	—	1,147,756	399,560	4,762,466
—	32,640,869	—	—	98,051,042
$ 174,100	$ 32,640,869	$ 1,334,777	$ 506,489	$107,620,446
$ 235	$ —	$ 22,602	$ 102,375	$ 1,912,925
—	—	150,000	—	150,000
235	—	172,602	102,375	2,062,925
173,865	32,640,869	1,162,175	404,114	105,557,521
$ 174,100	$ 32,640,869	$ 1,334,777	$ 506,489	$107,620,446

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Debt Service Funds

For the Fiscal Year Ended June 30, 1987

	Bond Service and Redemption Funds			
	Dulles Series 1982	Dulles Series 1987	Powhite Parkway	Public Facilities 1978
Revenues:				
Interest on Cash Equivalents and Investments	$ 1,155,697	$ 39,648	$ —	$ —
Transfers From State Agencies, Universities and Others	—	—	—	5,860,931
Total Revenues	1,155,697	39,648	—	5,860,931
Expenditures:				
Interest Expense	5,153,250	999,994	2,066,155	3,543,925
Principal Retirement	500,000	—	—	6,575,000
Refunds	—	—	—	—
Transfers To State Agencies, Universities and Others	—	—	—	—
Miscellaneous Expense	—	—	—	10,396
Total Expenditures	5,653,250	999,994	2,066,155	10,129,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,497,553)	(960,346)	(2,066,155)	(4,268,390)
Other Financing Sources (Uses):				
Operating Transfers In (Out)	69,748,276	(52,383,702)	4,750,099	4,268,390
Proceeds from Defeasences	—	56,426,429	—	—
Total Other Financing Sources (Uses)	69,748,276	4,042,727	4,750,099	4,268,390
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	65,250,723	3,082,381	2,683,944	—
Fund Balances at July 1, 1986	1,910,768	—	—	3,001,580
Adjustments Due to Restatement (Note 1)	(1,751,318)	—	—	(3,001,580)
Fund Balances at June 30, 1987	$ 65,410,173	$ 3,082,381	$ 2,683,944	$ —

See Notes to the Financial Statements.

Sinking Funds				
General Obligation Bonds 1969	Richmond-Petersburg Turnpike	Virginia Port Toll Revenue 1978	Virginia Port Toll Revenue 1980	Total
$ 12,080	$ 2,236,510	$ 132,809	$ 58,538	$ 3,635,282
—	—	1,158,875	200,250	7,220,056
12,080	2,236,510	1,291,684	258,788	10,855,338
—	2,232,500	158,875	429,375	14,584,074
—	—	1,000,000	700,000	8,775,000
—	—	184,720	120,190	304,910
4,449	—	—	—	4,449
—	—	—	—	10,396
4,449	2,232,500	1,343,595	1,249,565	23,678,829
7,631	4,010	(51,911)	(990,777)	(12,823,491)
—	—	—	—	26,383,063
—	—	—	—	56,426,429
—	—	—	—	82,809,492
7,631	4,010	(51,911)	(990,777)	69,986,001
166,469	32,636,859	1,491,238	1,494,791	40,701,705
(235)	—	(277,152)	(99,900)	(5,130,185)
$ 173,865	$ 32,640,869	$ 1,162,175	$ 404,114	$105,557,521

Combining Balance Sheet—
Capital Project Funds

June 30, 1987

	Elizabeth River	Powhite Parkway	Public Facilities 1978	Richmond-Petersburg Turnpike	Transportation Facilities 1982	Total
Assets:						
Cash and Cash Equivalents	$ 1,147,410	$ 802	$ 22,738	$ 5,706	$ 450	$ 1,177,106
Accrued Interest Purchased	6,454	—	—	4,057	—	10,511
Investments in Governmental Securities	11,477,750	44,936,431	2,088,000	28,587,218	202,000	87,291,399
Total Assets	$12,631,614	$44,937,233	$ 2,110,738	$28,596,981	$ 202,450	$88,479,016
Fund Balances:						
Reserved for Capital Projects	$12,631,614	$44,937,233	$ 2,110,738	$28,596,981	$ 202,450	$88,479,016
Total Fund Balances	$12,631,614	$44,937,233	$ 2,110,738	$28,596,981	$ 202,450	$88,479,016

See Notes to the Financial Statements.

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Capital Project Funds

For the Fiscal Year Ended June 30, 1987

	Elizabeth River	Powhite Parkway	Public Facilities 1978	Richmond-Petersburg Turnpike
Revenues:				
Interest on Cash Equivalents and Investments	$ 258,822	$ 4,073,061	$ 433,712	$ 2,595,637
Chesterfield County Revenue	—	6,367,360	—	—
Transfers From State Agencies, Universities and Others	—	1,600,000	—	—
Total Revenues	258,822	12,040,421	433,712	2,595,637
Expenditures:				
Authorized Payments	13,068	39,410,819	1,125,457	15,823,072
Refunds	—	—	—	—
Miscellaneous Expense	—	101,789	—	—
Total Expenditures	13,068	39,512,608	1,125,457	15,823,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	245,754	(27,472,187)	(691,745)	(13,227,435)
Other Financing Sources (Uses):				
Operating Transfers In (Out)	12,385,860	(4,750,098)	(4,268,390)	12,000,000
Bond Proceeds	—	77,159,518	—	—
Total Other Financing Sources (Uses)	12,385,860	72,409,420	(4,268,390)	12,000,000
Excess (Deficiency) Of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	12,631,614	44,937,233	(4,960,135)	(1,227,435)
Fund Balances at July 1, 1986	—	—	7,070,873	29,824,416
Fund Balances at June 30, 1987	$12,631,614	$44,937,233	$ 2,110,738	$28,596,981

See Notes to the Financial Statements.

Transportation Facilities 1982	Virginia Port Authority Revenue	Total
$ 22,598	$ 530	$ 7,384,360
—	—	6,367,360
—	—	1,600,000
22,598	530	15,351,720
327,636	—	56,700,052
—	4,665	4,665
—	—	101,789
327,636	4,665	56,806,506
(305,038)	(4,135)	(41,454,786)
—	—	15,367,372
—	—	77,159,518
—	—	92,526,890
(305,038)	(4,135)	51,072,104
507,488	4,135	37,406,912
$ 202,450	$ —	$88,479,016

Combining Balance Sheet— Expendable Trust Funds

June 30, 1987

	Education	Human Resources	Natural Resources	Total
Assets:				
Cash and Cash Equivalents	$ 34,113	$ 170,728	$ 597,007	$ 801,848
Investments in Governmental Securities	154,819	291,800	—	446,619
Total Assets	$ 188,932	$ 462,528	$ 597,007	$1,248,467
Fund Balances:				
Unreserved	$ 188,932	$ 462,528	$ 597,007	$1,248,467
Total Fund Balances	$ 188,932	$ 462,528	$ 597,007	$1,248,467

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Expendable Trust Funds

For the Fiscal Year Ended June 30, 1987

	Education	Human Resources	Natural Resources	Total
Revenues:				
Interest on Cash Equivalents and Investments	$ 14,888	$ 29,032	$ 35,154	$ 79,074
Gain on Investments Sold	—	140,548	—	140,548
Transfers From State Agencies and Universities	4,900	6,032	—	10,932
Total Revenues	19,788	175,612	35,154	230,554
Expenditures:				
Authorized Payments	—	779	—	779
Miscellaneous Expense	11,775	15,909	—	27,684
Total Expenditures	11,775	16,688	—	28,463
Excess of Revenues Over Expenditures	8,013	158,924	35,154	202,091
Fund Balances at July 1, 1986	180,919	303,604	561,853	1,046,376
Fund Balances at June 30, 1987	$ 188,932	$ 462,528	$ 597,007	$1,248,467

See Notes to the Financial Statements.

Combining Balance Sheet—
Agency Funds

June 30, 1987

	General Commonwealth Account	Center for Innovative Technology	Department of General Services	Insurance Companies	Local Government Investment Pool
Assets:					
Cash and Cash Equivalents	$ 184,306,859	$ —	$ —	$ —	$ 17,621,711
Interest Receivable	—	—	—	—	1,185,427
Accrued Interest Purchased	718,474	—	—	—	—
Investments In:					
RF&P Stock	—	—	—	—	—
Governmental Securities	1,175,483,119	19,911,061	—	—	303,307,496
Securities Pledged and Held in Safekeeping	—	—	—	137,578,651	—
Securities of Other Agencies Held in Safekeeping	—	—	4,766,514	—	—
Total Assets	$1,091,894,734	$ 19,911,061	$ 4,766,514	$ 137,578,651	$322,114,634
Liabilities:					
Accrued Interest Sold	$ —	$ —	$ —	$ —	$ —
Funds Held For Others	1,091,894,734	19,911,061	4,766,514	137,578,651	322,114,634
Total Liabilities	$1,091,894,734	$ 19,911,061	$ 4,766,514	$ 137,578,651	$ 322,114,634

See Notes to the Financial Statements.

Medicaid Concentration	State Penitentiary	Virginia College Building Authority	Virginia Public Building Authority	Virginia Soil and Water Conservation Committee	Virginia Supplemental Retirement System	Total
$ 13,205,017	$ —	$ 3,108,181	$ 8,487,208	$ —	$ 5,000,000	$ (36,884,742)
—	—	—	—	—	—	1,185,427
—	54	48,592	—	—	1,748,393	2,515,513
—	—	—	—	—	94,759,200	94,759,200
400,000	—	115,812,028	17,015,864	—	4,947,343,149	6,579,272,717
—	—	—	—	—	—	137,578,651
—	54,983	—	—	641,303	—	5,462,800
$ 13,605,017	$ 55,037	$ 118,968,801	$ 25,503,072	$ 641,303	$5,048,850,742	$6,783,889,566
$ —	$ —	$ —	$ 472,428	$ —	$ —	$ 472,428
13,605,017	55,037	118,968,801	25,030,644	641,303	5,048,850,742	6,783,417,138
$ 13,605,017	$ 55,037	$ 118,968,801	$ 25,503,072	$ 641,303	$5,048,850,742	$6,783,889,566

Combining Statement of Changes in Assets and Liabilities— All Agency Funds

For the Fiscal Year Ended June 30, 1987

	Balance July 1, 1986	Additions	Deletions	Balance June 30, 1987
General Commonwealth Account				
Assets:				
Cash, Cash Equivalents and Investments	$ 986,538,786	$10,700,019,399	$10,595,381,925	$ 1,091,176,260
Accrued Interest Purchased	558,709	718,474	558,709	718,474
Total Assets	$ 987,097,495	$10,700,737,873	$10,595,940,634	$ 1,091,894,734
Liabilities:				
Funds Held for Others	$ 987,097,495	$10,700,737,873	$10,595,940,634	$ 1,091,894,734
Total Liabilities	$ 987,097,495	$10,700,737,873	$10,595,940,634	$ 1,091,894,734
Center For Innovative Technology				
Assets:				
Cash, Cash Equivalents and Investments	$ 19,124,697	$ 1,531,486	$ 745,122	$ 19,911,061
Total Assets	$ 19,124,697	$ 1,531,486	$ 745,122	$ 19,911,061
Liabilities:				
Funds Held for Others	$ 19,124,697	$ 1,531,486	$ 745,122	$ 19,911,061
Total Liabilities	$ 19,124,697	$ 1,531,486	$ 745,122	$ 19,911,061
Department of General Services				
Assets:				
Securities of Other Agencies Held in Safekeeping	$ 2,409,017	$ 2,357,497	$ —	$ 4,766,514
Total Assets	$ 2,409,017	$ 2,357,497	$ —	$ 4,766,514
Liabilities:				
Funds Held for Others	$ 2,409,017	$ 2,357,497	$ —	$ 4,766,514
Total Liabilities	$ 2,409,017	$ 2,357,497	$ —	$ 4,766,514
Insurance Companies				
Assets:				
Securities Pledged and Held in Safekeeping	$ 121,404,922	$ 54,397,770	$ 38,224,041	$ 137,578,651
Total Assets	$ 121,404,922	$ 54,397,770	$ 38,224,041	$ 137,578,651
Liabilities:				
Funds Held for Others	$ 121,404,922	$ 54,397,770	$ 38,224,041	$ 137,578,651
Total Liabilities	$ 121,404,922	$ 54,397,770	$ 38,224,041	$ 137,578,651
Local Government Investment Pool				
Assets:				
Cash, Cash Equivalents and Investments	$ 73,545,790	$28,604,534,750	$28,357,151,333	$ 320,929,207
Interest Receivable	—	4,317,625	3,132,198	1,185,427
Total Assets	$ 73,545,790	$28,608,852,375	$28,360,283,531	$ 322,114,634
Liabilities:				
Funds Held for Others	$ 73,545,790	$28,608,852,375	$28,360,283,531	$ 322,114,634
Total Liabilities	$ 73,545,790	$28,608,852,375	$28,360,283,531	$ 322,114,634

Combining Statement of Changes in Assets and Liabilities— All Agency Funds (Continued)

For the Fiscal Year Ended June 30, 1987

	Balance July 1, 1986	Additions	Deletions	Balance June 30, 1987
Medicaid Concentration				
Assets:				
Cash, Cash Equivalents and Investments	$ 19,435,612	$ 672,650,288	$ 678,480,883	$ 13,605,017
Total Assets	$ 19,435,612	$ 672,650,288	$ 678,480,883	$ 13,605,017
Liabilities:				
Funds Held for Others	$ 19,435,612	$ 672,650,288	$ 678,480,883	$ 13,605,017
Total Liabilities	$ 19,435,612	$ 672,650,288	$ 678,480,883	$ 13,605,017
State Penitentiary				
Assets:				
Accrued Interest Purchased	$ —	$ 54	$ —	$ 54
Securities of Other Agencies Held in Safekeeping	55,069	—	86	54,983
Total Assets	$ 55,069	$ 54	$ 86	$ 55,037
Liabilities:				
Funds Held for Others	$ 55,069	$ 54	$ 86	$ 55,037
Total Liabilities	$ 55,069	$ 54	$ 86	$ 55,037
Virginia College Building Authority				
Assets:				
Cash, Cash Equivalents and Investments	$ —	$ 118,920,209	$ —	$ 118,920,209
Accrued Interest Purchased	—	48,592	—	48,592
Total Assets	$ —	$ 118,968,801	$ —	$ 118,968,801
Liabilities:				
Funds Held for Others	$ —	$ 118,968,801	$ —	$ 118,968,801
Total Liabilities	$ —	$ 118,968,801	$ —	$ 118,968,801
Virginia Public Building Authority				
Assets:				
Cash, Cash Equivalents and Investments	$ 13,783,052	$ 120,167,932	$ 108,447,912	$ 25,503,072
Accrued Interest Purchased	152,944	—	152,944	—
Total Assets	$ 13,935,996	$ 120,167,932	$ 108,600,856	$ 25,503,072
Liabilities:				
Accrued Interest Sold	$ —	$ 472,428	$ —	$ 472,428
Funds Held for Others	13,935,996	119,695,504	108,600,856	25,030,644
Total Liabilities	$ 13,935,996	$ 120,167,932	$ 108,600,856	$ 25,503,072

Combining Statement of Changes in Assets and Liabilities— All Agency Funds (Continued)

For the Fiscal Year Ended June 30, 1987

	Balance July 1, 1986	Additions	Deletions	Balance June 30, 1987
Virginia Soil and Water Conservation Committee				
Assets:				
Securities of Other Agencies Held in Safekeeping	$ 887,675	$ —	$ 246,372	$ 641,303
Total Assets	$ 887,675	$ —	$ 246,372	$ 641,303
Liabilities:				
Funds Held for Others	$ 887,675	$ —	$ 246,372	$ 641,303
Total Liabilities	$ 887,675	$ —	$ 246,372	$ 641,303
Virginia Supplemental Retirement System				
Assets:				
Cash, Cash Equivalents and Investments	$ 4,788,589,850	$ 258,512,499	$ —	$ 5,047,102,349
Accrued Interest Purchased	—	1,748,393	—	1,748,393
Total Assets	$ 4,788,589,850	$ 260,260,892	$ —	$ 5,048,850,742
Liabilities:				
Funds Held for Others	$ 4,788,589,850	$ 260,260,892	$ —	$ 5,048,850,742
Total Liabilities	$ 4,788,589,850	$ 260,260,892	$ —	$ 5,048,850,742
Total All Agency Funds	$ 6,026,486,123	$40,539,924,968	$39,782,521,525	$ 6,783,889,566

See Notes to the Financial Statements.

Combining Balance Sheet—
Higher Education Funds

June 30, 1987

	Unexpended				
		Article X Section 9(d)			
	Article X Section 9(c)	Medical College of Virginia	University of Virginia	Virginia Polytechnic Institute and State University	Total Unexpended Plant
Assets:					
Cash and Cash Equivalents	$ 9,563	$ 4,001,478	$ 707,904	$ 6,007,169	$ 10,726,114
Cash With Paying Agent	—	—	—	—	—
Accrued Interest Purchased	—	—	40,863	19,858	60,721
Investments In:					
Governmental Securities	2,645,000	1,003,000	97,705,197	20,383,677	121,736,874
Securities Held by Escrow Agent	—	—	—	—	—
Total Assets	$ 2,654,563	$ 5,004,478	$ 98,453,964	$ 26,410,704	$132,523,709
Liabilities:					
Accrued Interest Sold	$ —	$ —	$ —	$ —	$ —
Matured Interest Payable	—	—	—	—	—
Matured Bonds Payable	—	—	—	—	—
Total Liabilities	—	—	—	—	—
Fund Balances:					
Unreserved	2,654,563	5,004,478	98,453,964	26,410,704	132,523,709
Total Liabilities and Fund Balances	$ 2,654,563	$ 5,004,478	$ 98,453,964	$ 26,410,704	$132,523,709

See Notes to the Financial Statements.

Combining Balance Sheet— Higher Education Funds (Continued)

June 30, 1987

	Retirement of Indebtedness			
		Article X Section 9(d)		
	Article X Section 9(c)	James Madison University	Medical College of Virginia	Norfolk State University
Assets:				
Cash and Cash Equivalents	$ 288,675	$ 757,499	$ 387,872	$ 585,204
Cash With Paying Agent	3,604,716	16,865	279,171	—
Accrued Interest Purchased	—	—	29,779	—
Investments In:				
Governmental Securities	1,105,000	—	32,392,313	264,453
Securities Held by Escrow Agent	—	—	24,536,109	—
Total Assets	$ 4,998,391	$ 774,364	$ 57,625,244	$ 849,657
Liabilities:				
Accrued Interest Sold	$ —	$ —	$ 100,748	$ —
Matured Interest Payable	649,716	1,865	254,171	—
Matured Bonds Payable	2,955,000	15,000	25,000	—
Total Liabilities	3,604,716	16,865	379,919	—
Fund Balances:				
Unreserved	1,393,675	757,499	57,245,325	849,657
Total Liabilities and Fund Balances	$ 4,998,391	$ 774,364	$ 57,625,244	$ 849,657

See Notes to the Financial Statements.

Retirement of Indebtedness Article X Section 9(d)						
Radford University	University of Virginia	University of Virginia--Clinch Valley College	Virginia Commonwealth University	Virginia Polytechnic Institute and State University	Total Retirement of Indebtedness	Total Plant Funds
$ 1,102,163	$ 8,900	$ 30,158	$ 1,002,137	$ 9,341,450	$ 13,504,058	$ 24,230,172
3,236	29,408	581	48,948	165,090	4,148,015	4,148,015
—	—	—	—	5,838	35,617	96,338
809,780	24,767,718	—	1,317,841	22,566,693	83,223,798	204,960,672
—	147,237,264	—	—	—	171,773,373	171,773,373
$ 1,915,179	$172,043,290	$ 30,739	$ 2,368,926	$ 32,079,071	$272,684,861	$405,208,570
$ —	$ —	$ —	$ —	$ —	$ 100,748	$ 100,748
3,236	4,408	581	3,948	12,741	930,666	930,666
—	25,000	—	45,000	10,000	3,075,000	3,075,000
3,236	29,408	581	48,948	22,741	4,106,414	4,106,414
1,911,943	172,013,882	30,158	2,319,978	32,056,330	268,578,447	401,102,156
$ 1,915,179	$172,043,290	$ 30,739	$ 2,368,926	$ 32,079,071	$272,684,861	$405,208,570

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Higher Education Funds

For the Fiscal Year Ended June 30, 1987

	Unexpended				
		Article X Section 9(d)			
	Article X Section 9(c)	Medical College of Virginia	University of Virginia	Virginia Polytechnic Institute and State University	Total Unexpended Plant
Revenues:					
Interest On Cash Equivalents and Investments	$ 343,849	$ 404,041	$ 14,346,710	$ 1,686,189	$ 16,780,789
Transfers From State Agencies, Universities and Others	—	1,130,100	—	—	1,130,100
Total Revenues	343,849	1,534,141	14,346,710	1,686,189	17,910,889
Expenditures:					
Interest Expense	—	—	—	—	—
Principal Retirement	—	—	—	—	—
Authorized Payments	4,452,062	1,945,663	30,283,891	4,105,906	40,787,522
Refunds	422,772	—	—	—	422,772
Miscellaneous Expense	—	—	—	80,000	80,000
Total Expenditures	4,874,834	1,945,663	30,283,891	4,185,906	41,290,294
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(4,530,985)	(411,522)	(15,937,181)	(2,499,717)	(23,379,405)
Other Financing Sources (Uses):					
Operating Transfers In (Out)	50,785	(30,754)	500,332	(212,300)	308,063
Bond Proceeds	—	—	—	13,600,000	13,600,000
Proceeds From Defeasences	—	—	—	—	—
Total Other Financing Sources (Uses)	50,785	(30,754)	500,332	13,387,700	13,908,063
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(4,480,200)	(442,276)	(15,436,849)	10,887,983	(9,471,342)
Fund Balances at July 1, 1986	7,134,763	5,446,754	113,890,813	15,522,721	141,995,051
Adjustments Due to Restatement (Note 1)	—	—	—	—	—
Fund Balances at June 30, 1987	$ 2,654,563	$ 5,004,478	$ 98,453,964	$ 26,410,704	$132,523,709

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Higher Education Funds (Continued)

For the Fiscal Year Ended June 30, 1987

		Retirement of Indebtedness			
		Article X Section 9(d)			
	Article X Section 9(c)	James Madison University	Mary Washington College	Medical College of Virginia	Norfolk State University
Revenues:					
Interest On Cash Equivalents and Investments	$ 187,364	$ 64,730	$ 1,242	$ 1,791,060	$ 60,621
Transfers From State Agencies, Universities and Others	—	—	—	10,190,868	439,165
Total Revenues	187,364	64,730	1,242	11,981,928	499,786
Expenditures:					
Interest Expense	14,975,358	30,772	560	3,338,028	157,295
Principal Retirement	9,537,240	265,000	28,000	—	206,036
Authorized Payments	—	—	—	128,664	—
Refunds	26,939	—	49,760	—	—
Miscellaneous Expense	76,868	—	—	8,995	—
Total Expenditures	24,614,405	295,772	78,320	3,475,687	363,331
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(24,427,041)	(231,042)	(77,078)	8,506,241	136,455
Other Financing Sources (Uses):					
Operating Transfers In (Out)	24,308,037	—	—	30,753	—
Bond Proceeds	—	—	—	—	—
Proceeds From Defeasences	—	—	—	24,334,426	—
Total Other Financing Sources (Uses)	24,308,037	—	—	24,365,179	—
Excess (Deficiency) Of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(119,004)	(231,042)	(77,078)	32,871,420	136,455
Fund Balances at July 1, 1986	4,817,901	1,020,226	77,078	30,106,611	713,202
Adjustments Due to Restatement (Note 1)	(3,305,222)	(31,685)	—	(5,732,706)	—
Fund Balances at June 30, 1987	$ 1,393,675	$ 757,499	$ —	$ 57,245,325	$ 849,657

See Notes to the Financial Statements.

Retirement of Indebtedness

Article X Section 9(d)

Radford University	University of Virginia	University of Virginia—Clinch Valley College	Virginia Commonwealth University	Virginia Polytechnic Institute and State University	College of William & Mary	Total Retirement of Indebtedness	Total Plant Funds
$ 151,284	$ 12,721,067	$ 3,605	$ 244,991	$ 2,803,410	$ 36,838	$ 18,066,212	$ 34,847,001
528,498	—	—	551,426	19,772,378	—	31,482,335	32,612,435
679,782	12,721,067	3,605	796,417	22,575,788	36,838	49,548,547	67,459,436
80,467	21,293,336	25,580	114,566	1,914,921	6,600	41,935,483	41,935,483
400,000	425,000	10,000	540,000	475,000	165,000	12,051,276	12,051,276
—	—	—	514,031	19,916,245	327,263	20,886,203	61,673,725
—	—	—	176,512	—	—	253,211	675,983
—	—	—	—	—	—	85,863	165,863
480,467	21,718,336	35,580	1,345,109	22,306,166	498,863	75,212,036	116,502,330
199,315	(8,997,269)	(31,975)	(548,692)	269,622	(462,025)	(25,663,489)	(49,042,894)
—	(500,332)	—	—	(885,100)	—	22,953,358	23,261,421
—	—	—	—	2,400,000	—	2,400,000	16,000,000
—	—	—	—	—	—	24,334,426	24,334,426
—	(500,332)	—	—	1,514,900	—	49,687,784	63,595,847
199,315	(9,497,601)	(31,975)	(548,692)	1,784,522	(462,025)	24,024,295	14,552,953
1,724,424	182,568,152	63,158	2,872,168	30,294,982	462,125	254,720,027	396,715,078
(11,796)	(1,056,669)	(1,025)	(3,498)	(23,174)	(100)	(10,165,875)	(10,165,875)
$ 1,911,943	$172,013,882	$ 30,158	$ 2,319,978	$ 32,056,330	$ —	$268,578,447	$401,102,156

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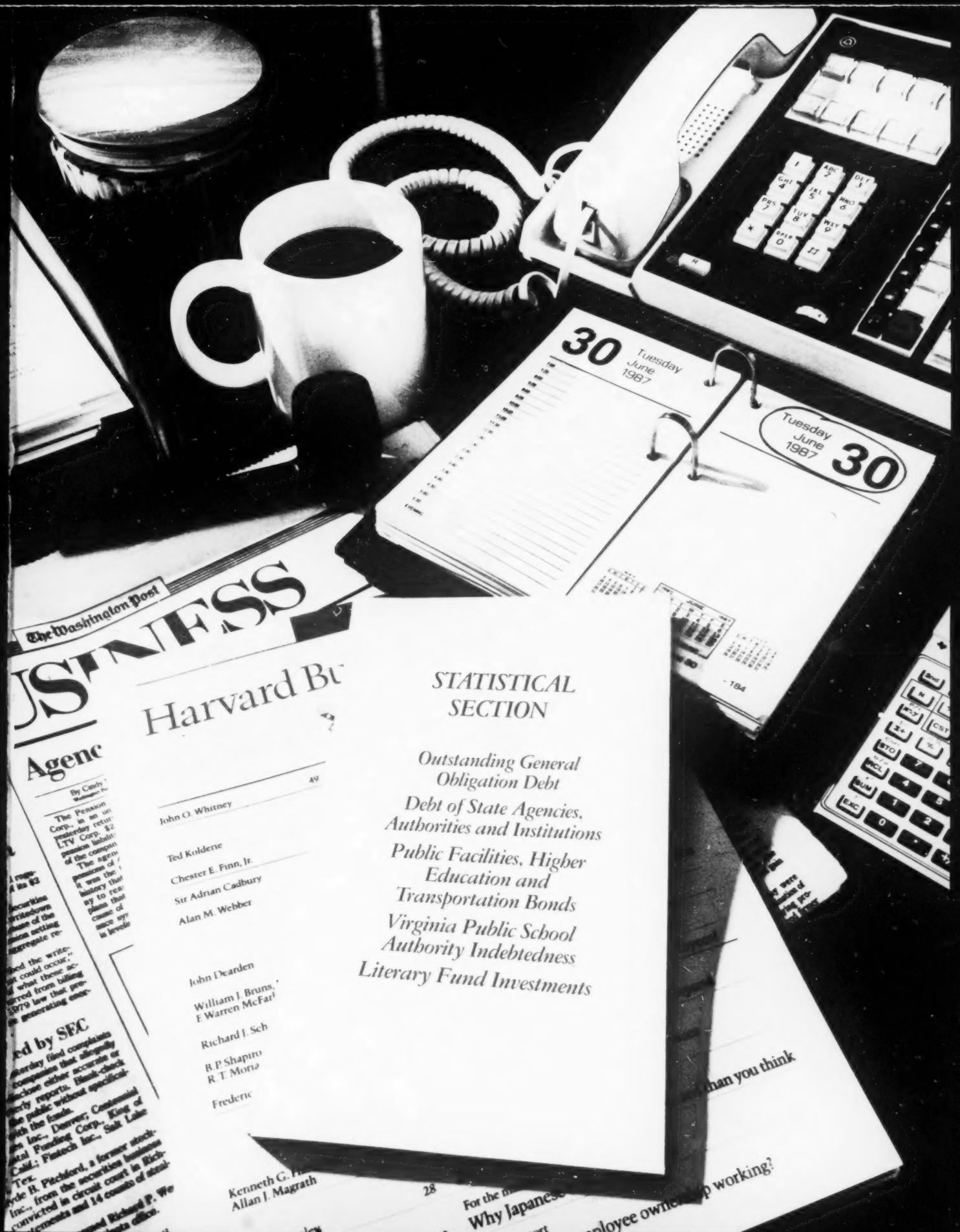
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STATISTICAL SECTION
Outstanding General Obligation Debt
Debt of State Agencies, Authorities and Institutions
Public Facilities, Higher Education and Transportation Bonds
Virginia Public School Authority Indebtedness
Literary Fund Investments
John O. Whitney
Ted Kolderie
Chester E. Finn, Jr.
Sir Adrian Cadbury
Alan M. Webber
John Dearden
Kenneth G.
Allan J. Magrath

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Outstanding General Obligation Debt of the Commonwealth of Virginia

June 30, 1986 and 1987
(Dollars in Thousands)

	Amount Issued	Outstanding June 30, 1986	Outstanding June 30, 1987
Section 9(b) Debt:			
Public Facilities Bonds:			
Series 1978	$125,000	$ 78,900	$ 72,325
Section 9(c) Debt:			
Higher Educational Institutions Bonds:			
Series 1971	23,450	10,200	8,600
Series 1973	20,915	8,820	7,795
Series 1976	19,555	12,295	11,330
Series 1979	15,035	11,850	11,275
Series 1981	4,932	4,382	4,262
Series 1982	12,820	11,315	10,890
Series 1983	68,201	63,205	61,270
Series 1984	31,955	30,550	29,760
Series 1985	24,690	24,165	23,590
Series 1986	41,130	41,130	39,565
Transportation Facilities Bonds:			
Series 1982	57,000	57,000	—
Series 1986	78,000	—	78,000
Series 1987	57,100	—	57,100
Total Section 9(c) Debt	454,783	274,912	343,437
Total General Obligation Indebtedness	$579,783	$353,812	$415,762

Note:
The outstanding indebtedness excludes $47,000,000 Transportation Facilities Bonds, Series 1973, for which payment has been provided by the deposit to an irrevocable escrow fund of U.S. Treasury securities in an amount sufficient to retire those bonds at their maturity. In addition, this schedule excludes $369,000 of old and unfunded items which matured in 1896 and 1897.

Principal of Outstanding Debt of the Commonwealth of Virginia, Past Five Years

June 30, 1983-1987
(Dollars in Thousands)

	1983	1984	1985	1986	1987
Long Term Indebtedness:					
Section 9(b)	$104,425	$ 92,050	$ 85,475	$ 78,900	$ 72,325
Section 9(c)	243,973	270,087	241,217	274,912	343,437
Short Term Indebtedness:					
Section 9(a) Debt	1,500	1,000	500	—	—
Long Term Building Leases	94,543	111,172	108,802	106,250	125,587
Total Debt	$444,441	$474,309	$435,994	$460,062	$541,349

Annual Debt Service Requirements— All General Obligation Bonds of the Commonwealth of Virginia

June 30, 1987
(Dollars in Thousands)

Year Ending June 30:	General Fund Supported (1)			Revenue Supported (2)			Total Outstanding		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1988	$ 6,575	$ 3,248	$ 9,823	$ 11,695	$ 22,620	$ 34,315	$ 18,270	$ 25,868	$ 44,138
1989	6,575	2,952	9,527	12,520	21,924	34,444	19,095	24,876	43,971
1990	6,575	2,653	9,228	13,080	21,180	34,260	19,655	23,833	43,488
1991	6,575	2,351	8,926	14,015	20,384	34,399	20,590	22,734	43,324
1992	6,575	2,048	8,623	16,310	19,489	35,799	22,885	21,537	44,422
1993	6,575	1,742	8,317	15,325	18,525	33,850	21,900	20,268	42,168
1994	6,575	1,432	8,007	15,915	17,590	33,505	22,490	19,021	41,511
1995	6,575	1,118	7,693	16,125	16,581	32,706	22,700	17,699	40,399
1996	6,575	802	7,377	17,060	15,518	32,578	23,635	16,320	39,955
1997	6,575	483	7,058	16,850	14,368	31,218	23,425	14,851	38,276
1998	6,575	161	6,736	17,545	13,194	30,739	24,120	13,355	37,475
1999	—	—	—	17,840	11,942	29,782	17,840	11,942	29,782
2000	—	—	—	18,285	10,639	28,924	18,285	10,639	28,924
2001	—	—	—	19,770	9,271	29,041	19,770	9,271	29,041
2002	—	—	—	18,330	7,826	26,156	18,330	7,826	26,156
2003	—	—	—	15,980	6,476	22,456	15,980	6,476	22,456
2004	—	—	—	14,930	5,321	20,251	14,930	5,321	20,251
2005	—	—	—	12,680	4,329	17,009	12,680	4,329	17,009
2006	—	—	—	10,935	3,490	14,425	10,935	3,490	14,425
2007	—	—	—	9,730	2,803	12,533	9,730	2,803	12,533
2008	—	—	—	9,930	2,186	12,116	9,930	2,186	12,116
2009	—	—	—	6,510	1,664	8,174	6,510	1,664	8,174
2010	—	—	—	6,770	1,229	7,999	6,770	1,229	7,999
2011	—	—	—	7,247	770	8,017	7,247	770	8,017
2012	—	—	—	7,495	277	7,772	7,495	277	7,772
2013	—	—	—	565	17	582	565	17	582
	$ 72,325	$ 18,990	$ 91,315	$343,437	$269,613	$613,050	$415,762	$288,602	$704,364

Notes:
(1) All obligations issued pursuant to Article X, Section 9(b).
(2) All obligations issued pursuant to Article X, Section 9(c), excludes $47,000,000 Transportation Facilities Bonds that have been defeased.

Constitutional Debt Limit For General Obligation Debt— Section 9(b) and Section 9(c)

Fiscal Years Ended June 30
(Dollars in Thousands)

Calculation:	1985	1986	1987
Individual and Fiduciary Income Tax	$1,948,199	$2,174,271	$2,445,817
Corporation Income Tax	287,747	280,768	318,757
State Retail Sales and Use Tax	930,597	1,023,048	1,105,718
Total	$3,166,543	$3,478,087	$3,870,292
Average for the three fiscal years			$3,504,974
Debt Limit (1.15 times average)			$4,030,720
Unused Capacity:			
Section 9(b) Debt Limit			$4,030,720
Outstanding Section 9(b) Debt			72,325
Unused Capacity for Section 9(b) Debt			$3,958,395
Section 9(c) Debt Limit			$4,030,720
Outstanding Section 9(c) Debt			343,437
Unused Capacity for Section 9(c) Debt			$3,687,283

Notes:
As of June 30, 1987 there remained the following authorized and unissued 9(c) bonds:

Higher Educational Institutions Bonds:

1983	*$ 800*
1984	*1,506*
1985	*389*
1986	*25,590*
1987	*18,000*

Higher Educational Institutions Refunding Bonds:

1986	*$13,775*
1987	*29,065*

Source:
Virginia Department of Accounts

Debt of State Agencies, Authorities and Institutions Not Backed by the Full Faith and Credit of Virginia

June 30, 1986 and 1987
(Dollars in Thousands)

State Agency Debt:	1986	1987
Institutions of Higher Education:		
Auxiliary Enterprise Revenue Bonds	$ 26,343	$ 22,891
Teaching Hospital Revenue Bonds:		
VCU-MCV	94,595	98,980
UVA	127,587	127,587
Total Higher Education Debt	248,525	249,458
Department of Transportation:		
Toll Road Revenue Bonds	18,815	17,690
Total Agency Debt (1)	$ 267,340	$ 267,148
State Authority Debt:		
Virginia Agricultural Development Authority	$ 1,450	$ 1,282
Virginia College Building Authority	78,213	154,853
Virginia Education Loan Authority	387,846	490,292
Virginia Housing Development Authority	2,443,611	2,606,743
Virginia Port Authority (2)	60,068	60,385
Virginia Public Building Authority	103,450	122,790
Virginia Public School Authority	223,240	256,110
Virginia Resources Authority	61,624	159,115
Total Authority Debt (3)	$3,359,502	$3,851,570

Notes:
(1) Does not include Bond Anticipation or Collateral Notes.
(2) Includes lease-purchase obligations.
(3) Totals do not include amounts outstanding for the Virginia Small Business Financing Authority, which were not available at the time of this report.

Public Facilities Bonds, Higher Educational Institutions Bonds and Transportation Facilities Bonds— Detail of Long Term Indebtedness (1)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Bonds or Certificates:						
Century, 02-20-1891 (2)	$ 18,115	3.00%	$ 2	$ (2)	$ —	
Riddleberger Refunding, 03-03-32 (2)	2,440	4.00	1	(1)	—	
Subtotal	20,555		3	(3)	—	
Public Facilities Bonds:						
Series 1978, 12-13-77	125,000	4.50	19,725	(6,575)	13,150	08-01-87/88
		4.60	19,725	—	19,725	08-01-89/91
		4.70	6,575	—	6,575	08-01-92
		4.75	6,575	—	6,575	08-01-93
		4.80	13,150	—	13,150	08-01-94/95
		4.90	13,150	—	13,150	08-01-94/97
Subtotal	125,000		78,900	(6,575)	72,325	
Higher Educational Institutions Bonds:						
Series 1971, 11-16-71	23,450	4.50	6,600	(1,600)	5,000	06-01-88/90
		4.00	3,600	—	3,600	06-01-91/92
Series 1973, 07-17-73	17,690	4.90	3,245	(1,025)	2,220	02-01-88/89
		5.00	3,750	—	3,750	02-01-90/92
		3.50	1,825	—	1,825	02-01-93/94
Series 1976, 06-03-76	19,555	5.25	12,295	(965)	11,330	06-01-88/96
Series 1979 A and B, 06-12-79	11,340	5.10	480	(480)	—	
		5.25	8,200	—	8,200	06-01-88/99
Series 1979 C, 06-30-80	3,695	3.00	3,170	(95)	3,075	06-01-88/09
Series 1981, 11-17-81	4,932	3.00	4,382	(120)	4,262	06-01-88/11
Series 1982 A and B, 01-27-82	12,820	12.00	3,195	(425)	2,770	06-01-88/92
		11.00	1,400	—	1,400	06-01-93/94
		11.10	725	—	725	06-01-95
		11.30	775	—	775	06-01-96
		11.40	850	—	850	06-01-97
		11.50	925	—	925	06-01-98
		11.60	2,150	—	2,150	06-01-99/00
		8.00	1,295	—	1,295	06-01-01

Notes:
(1) This schedule excludes $369,000 of old and unfunded debt which matured in 1896 and 1897.
(2) Unclaimed bonds and coupons remitted to Unclaimed Property Division pursuant to Section 55-210.8.

Public Facilities Bonds, Higher Educational Institutions Bonds and Transportation Facilities Bonds— Detail of Long Term Indebtedness (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Series 1983 A, B and C, 03-16-83	$ 11,186	3.00%	$ 10,465	$ (260)	$ 10,205	06-01-88/13
Series 1983 D, E, F and G, 03-16-83	57,015	7.25	9,800	(1,675)	8,125	06-01-88/91
		7.30	2,475	—	2,475	06-01-92
		7.40	2,650	—	2,650	06-01-93
		7.60	2,875	—	2,875	06-01-94
		7.75	3,100	—	3,100	06-01-95
		7.90	3,325	—	3,325	06-01-96
		8.00	3,600	—	3,600	06-01-97
		8.10	3,900	—	3,900	06-01-98
		8.20	4,200	—	4,200	06-01-99
		8.25	4,530	—	4,530	06-01-00
		8.30	12,285	—	12,285	06-01-01/03
Series 1984 A, 04-24-84	2,890	3.00	2,670	(115)	2,555	06-01-88/04
Series 1984 B and C, 04-25-84	29,065	12.25	4,050	(675)	3,375	06-01-88/91
		8.00	1,050	—	1,050	06-01-92
		8.25	1,125	—	1,125	06-01-93
		8.50	1,250	—	1,250	06-01-94
		8.60	1,350	—	1,350	06-01-95
		8.80	1,475	—	1,475	06-01-96
		9.00	1,600	—	1,600	06-01-97
		9.10	1,725	—	1,725	06-01-98
		9.20	1,900	—	1,900	06-01-99
		9.25	9,455	—	9,455	06-01-00/03
		7.00	2,900	—	2,900	06-01-04
Series 1985, 05-15-85	24,690	7.60	7,100	(575)	6,525	06-01-88/95
		7.70	2,425	—	2,425	06-01-96/97
		7.80	1,375	—	1,375	06-01-98
		7.90	1,475	—	1,475	06-01-99
		8.00	11,790	—	11,790	06-01-00/05
Series 1986 A, 04-23-86	16,480	5.80	4,200	(345)	3,855	06-01-88/94
		5.90	700	—	700	06-01-95
		6.00	755	—	755	06-01-96
		6.10	800	—	800	06-01-97
		6.20	850	—	850	06-01-98
		6.30	1,875	—	1,875	06-01-99/00
		6.40	2,130	—	2,130	06-01-01/02
		6.50	5,170	—	5,170	06-01-03/06

Public Facilities Bonds, Higher Educational Institutions Bonds and Transportation Facilities Bonds— Detail of Long Term Indebtedness (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Series 1986 B, 04-23-86	$ 24,650	5.00%	$ 5,385	$ (1,220)	$ 4,165	06-01-88/90
		5.25	1,565	—	1,565	06-01-91
		5.40	1,665	—	1,665	06-01-92
		5.50	1,765	—	1,765	06-01-93
		5.70	1,895	—	1,895	06-01-94
		5.80	2,000	—	2,000	06-01-95
		6.00	2,135	—	2,135	06-01-96
		6.10	2,280	—	2,280	06-01-97
		6.20	1,995	—	1,995	06-01-98
		6.30	1,245	—	1,245	06-01-99
		6.40	2,720	—	2,720	06-01-00/01
Subtotal	259,458		217,912	(9,575)	208,337	
Transportation Facilities Bonds:						
Series 1973, 12-01-73 (3)	103,000	4.75	47,000	—	47,000	Defeased
Series 1982, 12-01-82 (4)	57,000	11.90	500	(500)	—	
		12.00	5,300	(5,300)	—	Defeased
		8.00	1,500	(1,500)	—	Defeased
		8.25	1,600	(1,600)	—	Defeased
		8.50	1,750	(1,750)	—	Defeased
		8.75	2,000	(2,000)	—	Defeased
		8.90	2,250	(2,250)	—	Defeased
		9.00	11,100	(11,100)	—	Defeased
		8.75	31,000	(31,000)	—	Defeased
Series 1986, 08-01-86	78,000	5.60	—	1,625	1,625	07-01-91
		5.90	—	1,750	1,750	07-01-92
		6.10	—	1,900	1,900	07-01-93
		6.25	—	2,050	2,050	07-01-94
		6.40	—	2,200	2,200	07-01-95
		6.50	—	2,350	2,350	07-01-96
		6.60	—	2,550	2,550	07-01-97
		6.70	—	2,725	2,725	07-01-98
		6.75	—	25,725	25,725	07-01-99/05
		7.00	—	35,125	35,125	07-01-11
Subtotal	238,000		104,000	21,000	125,000	

Notes:

(3) The Department of the Treasury used $30,202,434 to purchase U.S. Government Securities sufficient to fully provide the timely payment of the $47,000,000 Transportation Facilities Bonds, Series 1973 (c), of the Richmond Petersburg Turnpike.

(4) Outstanding Commonwealth of Virginia Transportation Facilities Bonds in the amount of $56,500,000 have been defeased by the Transportation Facilities Refunding Bonds, Series 1987, the proceeds of which were used to purchase State and Local Government Series obligations which, along with accumulated interest thereon, provided an amount sufficient to pay principal, interest and any redemption premiums on the refunded Series 1982 Bonds.

Public Facilities Bonds, Higher Educational Institutions Bonds and Transportation Facilities Bonds— Detail of Long Term Indebtedness (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Transportation Facilities Refunding Bonds:						
Series 1987, 02-01-87	$ 57,100	3.50%	$ —	$ 1,500	$ 1,500	12-01-87
		3.70	—	1,700	1,700	12-01-88
		3.90	—	1,640	1,640	12-01-89
		4.10	—	1,825	1,825	12-01-90
		4.30	—	1,800	1,800	12-01-91
		4.50	—	1,945	1,945	12-01-92
		4.75	—	2,010	2,010	12-01-93
		5.00	—	2,120	2,120	12-01-94
		5.10	—	2,320	2,320	12-01-95
		5.25	—	2,505	2,505	12-01-96
		5.30	—	2,535	2,535	12-01-97
		5.50	—	2,750	2,750	12-01-98
		5.60	—	2,910	2,910	12-01-99
		5.70	—	3,105	3,105	12-01-00
		5.80	—	3,290	3,290	12-01-01
		5.90	—	3,420	3,420	12-01-02
		6.00	—	11,880	11,880	12-01-03/05
		6.10	—	7,845	7,845	12-01-06/07
Subtotal	57,100		—	57,100	57,100	
Total	$703,338		$400,815	$ 61,947	$462,762	

Higher Educational Institutions Bonds—
Detail of Long Term Indebtedness by Institution

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Detail for Higher Educational Institutions Bonds, 9(c):						
Series 1971		6.00 to 4.00%				06-01-88/92
Longwood College:						
Dormitory	$ 4,250		$ 1,650	$ (275)	$ 1,375	
James Madison University:						
Physical Education Building	3,455		1,631	(254)	1,377	
Student Activities Building	1,645		776	(121)	655	
Dormitory	4,700		2,218	(345)	1,873	
University of Virginia:						
Parking Garage	200		97	(14)	83	
Dormitory	600		248	(37)	211	
Virginia Polytechnic Institute and State University:						
Dormitory	3,650		1,550	(230)	1,320	
College of William and Mary:						
Dormitory	2,800		1,148	(184)	964	
Physical Education Building	2,150		882	(141)	741	
Series 1973		5.50 to 3.50				02-01-88/94
George Mason University:						
Student Union Building	1,670		740	(105)	635	
Christopher Newport College:						
Campus Center	915		470	(60)	410	
Longwood College:						
Dining Hall	400		170	(25)	145	
James Madison University:						
Dining Hall	810		400	(45)	355	
Reed Infirmary	310		165	(15)	150	
Dormitory	2,735		1,450	(150)	1,300	
Norfolk State University:						
Cafeteria and Dining Hall	665		335	(45)	290	
Radford University:						
Student Activities Building	2,075		1,105	(115)	990	
Old Dominion University:						
Dormitory	3,640		1,690	(220)	1,470	
University of Virginia:						
Dining Hall	950		460	(55)	405	
Student Apartments	1,200		625	(65)	560	
Dormitory	1,750		910	(95)	815	
College of William and Mary:						
Infirmary Building	570		300	(30)	270	

Higher Educational Institutions Bonds—
Detail of Long Term Indebtedness by Institution (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Series 1976		5.10 to 5.25%				06-01-88/96
George Mason University:						
Student Union Building	$ 1,600		$ 1,205	$ (55)	$ 1,150	
James Madison University:						
Dormitory	2,550		1,550	(125)	1,425	
Outdoor Recreational Athletic Facilities	750		450	(40)	410	
University of Virginia:						
Lambeth Field Housing	5,200		3,090	(275)	2,815	
Virginia Commonwealth University:						
Parking Facilities	4,900		3,085	(240)	2,845	
Virginia Polytechnic Institute and State University:						
Bookstore	1,200		750	(60)	690	
Virginia State University:						
Renovation and Dining Hall	355		225	(15)	210	
College of William and Mary:						
Renovation of Dormitories	3,000		1,940	(155)	1,785	
Series 1979		5.00 to 5.25				
George Mason University:						
Student Housing	4,100		3,155	(170)	2,985	06-01-88/99
James Madison University:						
Dormitory Complex	875		660	(35)	625	06-01-88/99
Dormitory Complex	3,695	3.00	3,170	(95)	3,075	06-01-88/09
Theatre Addition to Warren Center	1,300		975	(55)	920	06-01-88/99
Christopher Newport College:						
Tennis Courts	70		30	(10)	20	06-01-88/99
Norfolk State University:						
Student Housing	1,640		1,270	(70)	1,200	06-01-88/99
Old Dominion University:						
Addition to Student Center	2,000		1,535	(85)	1,450	06-01-88/99
University of Virginia:						
Executive Center Housing	715		545	(30)	515	06-01-88/99
Copley Hall-Graduate Housing	640		510	(25)	485	
Series 1981		3.00				06-01-88/11
Virginia Commonwealth University:						
Low Rise Dormitory	4,932		4,382	(120)	4,262	

Higher Educational Institutions Bonds—
Detail of Long Term Indebtedness by Institution (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Series 1982		12.00 to 8.00%			—	06-01-88/01
Longwood College:						
Athletic Fields	$ 100		$ 75	$ (10)	$ 65	06-01-88/92
Physical Education Building	630		560	(20)	540	06-01-88/01
Mary Washington College:						
Willard Hall Renovation	1,570		1,440	(40)	1,400	06-01-88/01
Old Dominion University:						
Powhatan Field Apartments	2,005		1,835	(45)	1,790	06-01-88/01
University of Virginia:						
Medical Center Parking	1,850		1,690	(45)	1,645	06-01-88/01
Food Service Building	850		775	(20)	755	06-01-88/01
Virginia Commonwealth University:						
Low Rise Dormitory	505		450	(15)	435	06-01-88/01
Ramp to Parking Deck	610		475	(40)	435	06-01-88/94
College of William and Mary:						
Randolph Residence	3,500		2,990	(140)	2,850	06-01-88/01
Cary Field Renovation	1,200		1,025	(50)	975	06-01-88/01
Series 1983		7.25 to 8.30				06-01-88/03
George Mason University:						
Field House	4,905		4,525	(150)	4,375	06-01-88/02
Residence Halls	7,950	7.25 to 8.30	7,315	(235)	7,080	06-01-88/02
University Union	6,750	7.25 to 8.30	6,225	(205)	6,020	06-01-88/02
James Madison University:						
Convocation Center	7,000	7.25 to 8.30	6,505	(190)	6,315	06-01-88/03
Longwood College:						
Dining Hall Renovation	115	7.25 to 8.30	100	(5)	95	06-01-88/98
French Dormitory Renovation	690	7.25 to 8.30	640	(20)	620	06-01-88/02
Old Dominion University:						
Powhatan Field Apartments Phase II	560	7.25 to 8.30	520	(20)	500	06-01-88/02
Mid-Rise Dormitory	6,000	7.25 to 8.30	5,575	(165)	5,410	06-01-88/03
Gresham Dormitory Renovation	1,210	7.25 to 8.30	1,130	(35)	1,095	06-01-88/03
Powhatan Field Apartments Phase II	3,636	3.00	3,400	(85)	3,315	06-01-88/13
Mid-Rise Dormitory	3,500	3.00	3,275	(80)	3,195	06-01-88/13
Radford University:						
Recreation and Convocation Center	3,500	7.25 to 8.30	3,230	(110)	3,120	06-01-88/02
University of Virginia:						
Clinch Valley College Student Union	585	7.25 to 8.30	545	(20)	525	06-01-88/02
Newcomb Hall Additions	2,800	7.25 to 8.30	2,605	(80)	2,525	06-01-88/03
Student Housing	5,000	7.25 to 8.30	4,650	(140)	4,510	06-01-88/03
Virginia Commonwealth University:						
Low Rise Dormitory	4,050	3.00	3,790	(95)	3,695	06-01-88/13
Academic Campus Parking Deck	4,600	7.25 to 8.30	4,240	(140)	4,100	06-01-88/02
Medical College Gymnasium	850	7.25 to 8.30	785	(25)	760	06-01-88/02
Virginia Military Institute:						
Auditorium and Athletic Facility	4,500	7.25 to 8.30	4,150	(135)	4,015	06-01-88/02

Higher Educational Institutions Bonds—
Detail of Long Term Indebtedness by Institution (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Series 1984		12.75 to 7.00%				06-01-88/04
Christopher Newport College:						
Athletic Track	$ 365		$ 350	$ (10)	$ 340	
Campus Center	2,215		2,125	(50)	2,075	
George Mason University:						
Parking Lot VIII	840		805	(20)	785	
James Madison University:						
210 Bed Dormitory	2,480		2,375	(60)	2,315	
138 Bed Dormitory	2,060		1,975	(45)	1,930	
Football Stadium Seating	2,300		2,205	(50)	2,155	
Longwood College:						
Main and North Cunningham Renovation	735		705	(15)	690	
Norfolk State University:						
Health and ROTC Building	2,400		2,305	(55)	2,250	
Old Dominion University:						
Rogers Hall Renovation	1,510		1,445	(35)	1,410	
Life Sciences Building Parking	1,350		1,295	(30)	1,265	
Athletic Facilities Renovation	4,000		3,840	(95)	3,745	
University of Virginia:						
Clinch Valley Housing	515		495	(10)	485	
Virginia Commonwealth University:						
Student Commons	6,875		6,595	(165)	6,430	
Low Rise Dormitory Phase II	1,420		1,365	(35)	1,330	
Dormitory Renovation	2,890	3.00	2,670	(115)	2,555	06-01-88/04
Series 1985		7.60 to 8.00				06-01-88/05
George Mason University:						
Parking Lot IX	840		820	(20)	800	
Residence Halls II, Phase II	2,000		1,955	(45)	1,910	
Physical Education, Phase III	12,750		12,475	(300)	12,175	
James Madison University:						
Warren Campus Center Addition	3,350		3,280	(75)	3,205	
University of Virginia:						
Observatory Dining Hall Addition	870		855	(20)	835	
Sponsor's Hall Addition	1,820		1,785	(45)	1,740	
Student Activity Building	560		550	(15)	535	
Virginia Commonwealth University:						
Parking Deck E	2,500		2,445	(55)	2,390	

Higher Educational Institutions Bonds—
Detail of Long Term Indebtedness by Institution (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Series 1986		5.00 to 6.50%				
George Mason University:						
Parking Lot #10	$ 525		$ 525	$ (15)	$ 510	06-01-88/06
Security/Information Building	305		305	(10)	295	06-01-88/06
Residence Halls II, Phase II	6,030		6,030	(155)	5,875	06-01-88/06
James Madison University:						
Telecommunications	3,850		3,850	(160)	3,690	06-01-88/01
Mary Washington College:						
Student Activity Center	3,000		3,000	—	3,000	06-01-88/06
Radford University:						
Norwood Hall Renovations	1,620		1,620	(40)	1,580	06-01-88/06
Virginia Polytechnic Institute and State University:						
Special Purpose Housing and Dorms	7,900		7,900	(330)	7,570	06-01-88/01
University of Virginia:						
Hospital Parking Garage	5,000		5,000	(130)	4,870	06-01-88/06
North Grounds Recreation Center	2,500		2,500	(105)	2,395	06-01-88/01
Stadium Road Housing	10,400		10,400	(625)	9,775	06-01-88/98
Total	$259,458		$217,912	$(9,581)	$208,331	

Higher Educational Institutions Bonds—
Statement of Condition of Bond Sinking Funds

June 30, 1987
(Dollars in Thousands)

Revenue Bonds:	Cash and Investments	Outstanding Debt June 30, 1987	Difference
James Madison University:			
Dormitory—1963	$ 104	$ 50	$ 54
Dormitory—1965	207	115	92
Dormitory—1967	284	335	(51)
Dormitory—1968	163	30	133
Norfolk State University:			
Dormitory—1968	716	760	(44)
Dormitory—1982	134	3,731	(3,597)
Radford University:			
Dormitory and Dining Hall Facilities—1968	1,912	1,285	627
University of Virginia:			
Clinch Valley College Dormitory—1973	30	430	(400)
Dormitory—1962	1,211	725	486
Student Apartment—1962	—	70	(70)
Student Apartment and Dormitory Building—1965	—	710	(710)
Virginia Commonwealth University			
General Academic Division:			
Dormitory—1965	1,038	725	313
Medical College of Virginia Health Sciences Divisions:			
Clinical Center—1965	886	495	391
Dormitory—1957	—	—	—
Dormitory—1965	397	270	127
Virginia Polytechnic Institute and State University:			
Dormitory and Dining—Reserve Maintainence	670	—	670
Dormitory and Dining Hall System—1965	539	2,145	(1,606)
Dormitory and Dining Hall System—1968	—	5,455	(5,455)
Student Center—1968	148	1,010	(862)
Dormitory and Dining Hall System—1984 B	—	4,550	(4,550)
Anticipation Note—1985	1,343	13,200	(11,857)
Anticipation Note—1986	1,685	16,000	(14,315)
Total	$11,467	$52,091	$(40,624)

Special Capital Improvement Revenue Bonds—
Detail of Long Term Indebtedness (1)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Virginia Commonwealth University						
Medical College of Virginia						
Hospital Revenue Bonds						
Series A, 09-30-77	$ 64,000	4.90%	$ 1,650	$ —	$ 1,650	07-01-87
		5.00	1,730	—	1,730	07-01-88
		5.10	1,815	—	1,815	07-01-89
		5.20	1,910	—	1,910	07-01-90
		5.30	2,010	—	2,010	07-01-91
		5.40	2,115	—	2,115	07-01-92
		5.45	2,230	—	2,230	07-01-93
		5.55	2,350	—	2,350	07-01-94
		5.65	2,480	—	2,480	07-01-95
		5.70	2,620	—	2,620	07-01-96
		5.70	2,770	—	2,770	07-01-97
		5.90	33,515	—	33,515	07-01-06
Subtotal	64,000		57,195	—	57,195	
Medical College of Virginia						
Hospital Revenue Bonds						
Series B, 06-03-83 (2)	37,400	7.50	1,915	(1,915)	—	07-01-87
		7.80	2,055	—	2,055	07-01-88
		8.10	2,215	—	2,215	07-01-89
		8.40	2,395	—	2,395	07-01-90
		8.75	2,595	—	2,595	07-01-91
		9.00	2,825	—	2,825	07-01-92
		9.15	3,080	—	3,080	07-01-93
		9.30	2,970	(2,970)	—	Defeased
		9.40	2,655	(2,655)	—	Defeased
		9.50	2,140	(2,140)	—	Defeased
		9.88	12,555	(12,555)	—	Defeased
Subtotal	37,400		37,400	(22,235)	15,165	
Medical College of Virginia						
Hopital Revenue Refunding Bonds						
Series C, 02-01-87	24,705	3.75	—	115	115	07-01-87
		3.90	—	355	355	07-01-88
		4.20	—	370	370	07-01-89
		4.45	—	385	385	07-01-90
		4.65	—	400	400	07-01-91
		4.90	—	420	420	07-01-92
		5.10	—	440	440	07-01-93
		5.40	—	3,435	3,435	07-01-94
		5.60	—	3,030	3,030	07-01-95
		5.70	—	2,435	2,435	07-01-96
		5.80	—	1,805	1,805	07-01-97
		5.95	—	1,505	1,505	07-01-98
		6.05	—	1,185	1,185	07-01-99
		6.15	—	700	700	07-01-00
		6.25	—	775	775	07-01-01
		6.63	—	7,350	7,350	07-01-02/07
Subtotal	24,705		—	24,705	24,705	

Special Capital Improvement Revenue Bonds—
Detail of Long Term Indebtedness (Continued)

June 30, 1987
(Dollars in Thousands)

Series and Date of Sale	Amount Issued	Interest Rates	Outstanding July 1, 1986	Issued (Retired) During Year	Outstanding June 30, 1987	Maturity
Virginia Port Authority—						
Norfolk International Terminal Revenue						
Bonds of 1978, 06-12-78	$ 10,500	5.40%	$ 500	$ (500)	$ —	
		5.45	1,000	(500)	500	05-01 & 11-01-87
		5.50	625	—	625	05-01 & 11-01-88
		5.55	250	—	250	05-01 & 11-01-89
		5.60	250	—	250	05-01 & 11-01-90
		5.70	250	—	250	05-01 & 11-01-91
		5.75	250	—	250	05-01 & 11-01-92
Subtotal	10,500		3,125	(1,000)	2,125	
Newport News Marine Terminal Revenue						
Bonds of 1980, 10-28-80	10,345	8.25	700	(700)	—	07-01-86
		9.00	4,450	—	4,450	07-01-91
Subtotal	10,345		5,150	(700)	4,450	
University of Virginia Hospital Revenue Bonds						
Series C, 06-20-85	95,387	6.60	2,205	—	2,205	06-01-89
		6.90	2,350	—	2,350	06-01-90
		7.20	2,510	—	2,510	06-01-91
		7.40	2,690	—	2,690	06-01-92
		7.60	2,890	—	2,890	06-01-93
		7.75	3,110	—	3,110	06-01-94
		7.90	3,350	—	3,350	06-01-95
		8.10	3,615	—	3,615	06-01-96
		8.30	3,910	—	3,910	06-01-97
		8.50	2,475	—	2,475	06-01-98
		8.60	2,680	—	2,680	06-01-99
		8.75	2,915	—	2,915	06-01-00
		8.88	10,375	—	10,375	06-01-03
		9.38	6,292	—	6,292	06-01-07
		9.00	44,020	—	44,020	06-01-15
Series D, 12-18-85	57,200	variable	32,200	—	32,200	06-01-17
Subtotal	152,587		127,587	—	127,587	
Total	$279,337		$230,457	$ 770	$231,227	

Notes:
(1) This schedule includes only that debt for which the Treasurer is Trustee.
(2) Outstanding Virginia Commonwealth University Medical College of Virginia Hospital Revenue Bonds Series B, dated June 1, 1985 in the amount of $20,520,000 have been defeased by the Virginia Commonwealth University Medical College of Virginia Hospital Revenue Refunding Bonds, Series C, dated February 1, 1987, the proceeds of which were used to purchase State and Local Government Series obligations which, along with accumulated interest thereon, provided an amount sufficient to pay principal, interest and any redemption premiums on the refunded Series B bonds.

Virginia Public School Authority—
Long Term Indebtedness(1)

June 30, 1986 and 1987
(Dollars in Thousands)

School Financing Bond	Amount Issued	Authority Interest Cost (2)	Locality Interest Rate (3)	Outstanding July 1, 1986	Retired During Year	Outstanding June 30, 1987	Maturity
Series 1968A	$ 10,000	4.42%	4.50%	$ 1,500	$ 500	$ 1,000	01-01-89
Series 1971A	25,000	4.54%	4.60%	6,250	1,250	5,000	01-01-91
Series 1971B	13,000	4.98%	5.04%	3,300	550	2,750	01-01-92
Series 1972A	20,000	4.87%	4.95%	7,000	1,000	6,000	01-01-93
Series 1973A	15,220	4.84%	4.90%	6,100	760	5,340	01-01-94
Series 1974A	16,540	5.56%	5.65%	7,470	830	6,640	01-01-95
Series 1975A	16,550	5.44%	5.53%	7,465	830	6,635	01-01-95
Series 1975B	8,030	6.96%	7.05%	4,030	400	3,630	01-01-96
Series 1976A	16,165	5.88%	5.98%	8,050	805	7,245	01-01-96
Series 1976B	12,025	5.24%	5.34%	6,605	605	6,000	01-01-97
Series 1977A	12,485	5.06%	5.15%	6,810	635	6,175	01-01-97
Series 1977B	16,200	5.02%	5.12%	9,720	810	8,910	01-01-98
Series 1978A	16,210	4.99%	5.08%	9,720	810	8,910	01-01-98
Series 1978B	14,440	5.50%	5.59%	9,360	720	8,640	01-01-99
Series 1979A	16,250	5.63%	5.72%	10,545	815	9,730	01-01-99
Series 1979B	16,085	5.99%	6.09%	11,225	810	10,415	01-01-00
Series 1980A	19,375	8.33%	8.40%	14,485	975	13,510	01-01-01
Series 1982A	5,875	11.86%	11.91%	4,675	300	4,375	01-01-02
Series 1982B	3,245	10.50%	10.55%	1,950	325	1,625	01-01-92
Series 1982C	6,800	9.75%	9.85%	5,780	340	5,440	01-01-03
Series 1983A	11,475	7.85%	7.95%	9,765	570	9,195	01-01-03
Series 1984A	18,660	9.13%	9.20%	16,810	920	15,890	01-01-04
Series 1985A	13,485	8.64%	8.74%	12,805	680	12,125	01-01-05
Series 1985B	10,050	8.29%	8.39%	10,050	500	9,550	01-01-06
Series 1986A	18,050	6.86%	6.95%	18,050	1,210	16,840	01-01-01
Series 1986B	13,720	7.10%	7.20%	13,720	690	13,030	01-01-06
Series 1987A (4)	51,510	—	—	—	—	51,510	01-01-07
Total	$416,445			$223,240	$ 18,640	$256,110	

Notes:
(1) The Treasurer serves as Trustee to the Public School Authority.
(2) Effective interest cost of Authority Bonds.
(3) Interest rate of Local Bonds.
(4) The Series 1987A Bonds were sold as one series with local bonds maturing in 15 to 20 years. The Series information is as follows:

Amount Issued	Authority Interest Cost	Locality Interest Rate	Maturity
$11,750	6.01%	6.11%	01-01-02
$39,760	6.24%	6.34%	01-01-07

Literary Fund Investments

June 30, 1987

Security Description		Purchase Date	Yield	Maturity Date	Par Value	Market Value
Banker's Acceptance	Bank of Nova Scotia	05-01-87	7.02	07-29-87	$ 2,000,000	$ 1,989,422
Banker's Acceptance	Bank of Tokyo	06-18-87	7.12	09-02-87	2,000,000	1,976,200
Banker's Acceptance	Deutsche Bank	04-02-87	6.61	08-24-87	2,000,000	1,979,600
Banker's Acceptance	Industrial Bank of Japan	06-16-87	7.04	08-07-87	1,000,000	993,010
Banker's Acceptance	Sanwa Bank	04-15-87	7.13	07-06-87	1,800,000	1,798,300
Banker's Acceptance	Sumitomo Bank	04-10-87	6.68	07-13-87	1,200,000	1,197,280
Certificate of Deposit	Colonial Savings and Loan	05-08-87	7.00	08-06-87	500,000	500,000
Certificate of Deposit	Sovran Bank	04-24-87	6.55	07-23-87	2,000,000	2,000,000
Certificate of Deposit	Sovran Bank	04-30-87	6.60	07-01-87	2,000,000	2,000,000
Commercial Paper	CSX Corporation	06-10-87	7.05	08-10-87	2,000,000	1,984,778
Commercial Paper	Fleet Financial Group	06-10-87	7.06	07-24-87	2,000,000	1,991,247
Commercial Paper	Prudential Funding Corp.	06-04-87	7.07	07-31-87	2,000,000	1,988,583
Commercial Paper	Societe Generale N.A.	06-04-87	7.16	08-03-87	2,000,000	1,987,442
Discount Note	Federal Farm Credit Bank	04-28-87	6.82	07-20-87	2,000,000	1,993,033
Repurchase Agreement	Drexel Burnham Lambert	06-30-87	6.55	07-01-87	17,020,000	17,020,000
					$41,520,000	$41,398,895

Note:
This schedule presents the statement of value of all securities belonging to the Literary Fund deposited with the State Treasurer pursuant to Section 22.1-145.

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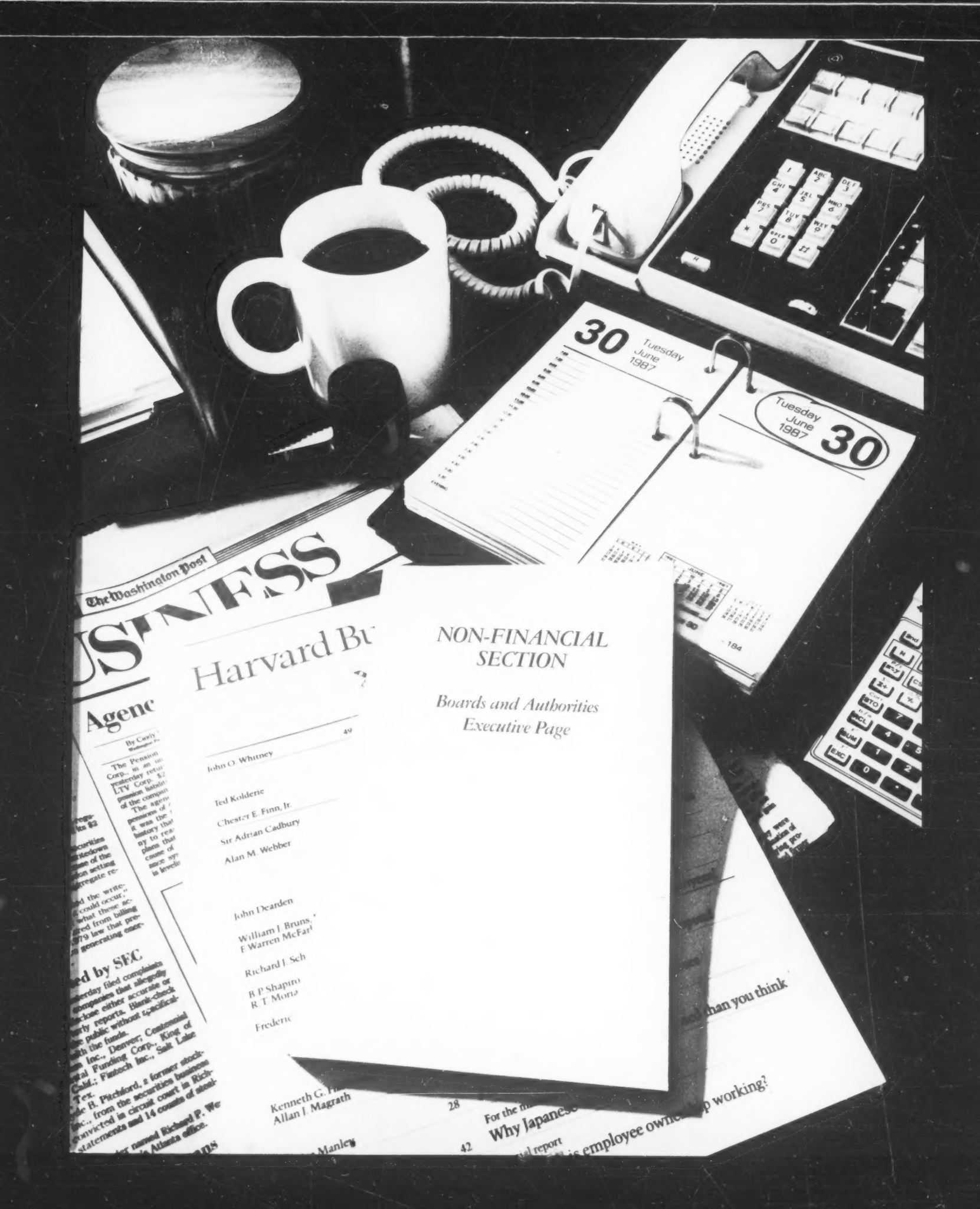
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The Washington Post
NON-FINANCIAL SECTION
Boards and Authorities
Executive Page
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Ted Kolderie
Chester E. Finn, Jr.
Sir Adrian Cadbury
Alan M. Webber
John Dearden
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F Warren McFarl
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Boards and Authorities

By law, the State Treasurer is a member of various State councils, boards and authorities, some of which are empowered to issue tax exempt bonds.

State Council on Local Debt—Chairman*
The Council aids political subdivisions in the planning and marketing of bonds. The Council approves refunding of outstanding bonds of local governments.

Treasury Board—Chairman*
The Board exercises general supervision over the investments of State funds, and controls and manages all sinking funds and other funds in possession of the State in a fiduciary capacity. The Board provides advice and supervision in the financing of State equipment and buildings and makes recommendations to the Secretary of Finance and the Governor on methods by which capital outlay requirements of the State may be financed. It approves the terms and structure of all proposed bonds issued by State authorities receiving general fund appropriations. The Board approves the terms and structure of proposed bonds, makes recommendations to the Governor and acts as issuing, sales and paying agent for bonds sold on behalf of educational institutions and State agencies other than independent authorities. A total of $135.1 million in bonds were issued in fiscal 1987.

Virginia Agricultural Development Authority—Commissioner
The Authority makes financing available for farmers and agricultural enterprises when private industry is unable to serve.

Virginia College Building Authority—Treasurer*
The purpose of the Authority is to provide capital financing to private higher educational institutions, finance equipment at the Commonwealth's public universities, and invest any funds held by the Authority. During fiscal 1987, the Authority issued $90.0 million of debt.

Virginia Education Loan Authority—Member
The Authority was established to provide students with increased access to postsecondary education through direct lending in the Guaranteed Student Loan Program. In addition, its activities have expanded to include secondary market and loan servicing areas.

Virginia Housing Development Authority—Commissioner
The Authority borrows money and issues bonds and notes and uses the proceeds to increase the supply of residential housing and for persons and families of low and moderate income at prices they can afford. During fiscal 1987, the Authority issued $488.5 million of debt.

Virginia Outdoors Foundation—Trustee
The Foundation undertakes activities whose objectives are to preserve open space in the Commonwealth. It is empowered to accept, hold and administer gifts and bequests of money, securities or other property of whatsoever character, absolutely or in trust, for the purposes of the Foundation.

Virginia Port Authority—Commissioner
The Authority was established to acquire, construct, maintain and promote the seaports and terminal facilities within the State. It is authorized to issue bonds for the acquisition and construction of shipping and transportation facilities. The Authority issued $7.2 million of debt during fiscal 1987.

Virginia Public Building Authority—Secretary/Treasurer*
The Authority was created to construct, acquire and operate public buildings and facilities for the State. In March, 1987, the Authority issued $100.8 million in refunding bonds that refinanced the original 1984 issue that acquired eight State office buildings from the Virginia Supplemental Retirement System.

Virginia Public School Authority—Secretary/Treasurer*
The Authority is authorized to purchase and sell local school bonds, issue bonds to provide funds for the purchase of local school bonds, provide security for payment of bonds, invest any funds held by the Authority and repay the Literary Fund for all assets transferred to the Authority from the Fund. During fiscal 1987, the Authority issued $51.5 million in bonds and $1.5 million in bond anticipation notes.

Virginia Resources Authority—Member
The Authority is authorized to issue bonds and lend the proceeds to local governments to meet water supply, wastewater treatment and drainage project needs. The Authority also shares responsibility with the State Water Control Board in the management of the Virginia Water Facilities Revolving Fund established as an additional source of low interest rate loans for local governments to finance wastewater treatment projects. In fiscal 1987, the Authority issued $100.0 million in bonds.

Virginia Small Business Financing Authority—Member
The Authority was created to assist in the continued growth of small entrepreneurial firms in the Commonwealth. The Authority issues tax-exempt industrial development bonds (IDB's) for eligible small businesses, provides working capital loan guarantees of up to 50% of a bank loan or $50,000, whichever is less, and issues taxable bonds for those small business projects not eligible for tax-exempt IDB financing.

**The Department of the Treasury provides staff services to these Authorities.*

Executive Page

ADDRESS

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Telephone:	(804) 225-2142

SENIOR MANAGEMENT

Wm. Clay Wiley	State Treasurer
Ronald L. Tillett	Deputy Treasurer
Betty A. Ball	Special Assistant to the Treasurer
Mary K. Intermaini	Director, Financial Policy Analysis
Gregory A. Schmitzler	Director, Cash Management and Investments
Pat Watt	Director, Debt Management
Vivian E. Herbert	Director, Abandoned Property
A. I. Sumper	Director, Operations
Pankaj Doshi	Internal Auditor
Karen L. Chaney	Employee Relations Director

SENIOR STAFF

Cash Management and Investments	
Margaret H. Layne	Investment Officer
J. Braxton Powell	Cash Administrator
Robert S. Young	Bank Services Manager
Debt Management	
John F. Wendelsky	Bond Services Manager
Norman D. Butts	Debt Manager
Pamela A. Currey	Debt Manager
Abandoned Property	
Susan F. Dewey	Audit Manager
Operations	
Chaya R. Lam	Assistant Director
Estelle Y. Ferrner	Accounting Manager
Mildred B. Martin	Bank Reconciliation Manager

TREASURY BOARD

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Department of the Treasury
P.O. Box 6-H, Richmond, VA 23215